MESSAGE

OF THE

PRESIDENT OF THE UNITED STATES

AND

REPORTS PROPER

OF THE

HEADS OF DEPARTMENTS,

MADE AT

THE THIRD SESSION

OF THE

THIRTY-SEVENTH CONGRESS.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1863.

Digitized by the Internet Archive
in 2010 with funding from
State of Indiana through the Indiana State Library

http://www.archive.org/details/messageofpre3366linc

Edward
Mc Gee

John Thorn Esq
of Thorn Farmer Hall
No 139 Duane
New York
N. Y.

MESSAGE.

Fellow-citizens of the Senate and House of Representatives:

Since your last annual assembling another year of health and bountiful harvests has passed. And while it has not pleased the Almighty to bless us with a return of peace, we can but press on, guided by the best light He gives us, trusting that in His own good time, and wise way, all will yet be well.

The correspondence touching foreign affairs which has taken place during the last year is herewith submitted, in virtual compliance with a request to that effect, made by the House of Representatives near the close of the last session of Congress.

If the condition of our relations with other nations is less gratifying than it has usually been at former periods, it is certainly more satisfactory than a nation so unhappily distracted as we are, might reasonably have apprehended. In the month of June last there were some grounds to expect that the maritime powers which, at the beginning of our domestic difficulties, so unwisely and unnecessarily, as we think, recognized the insurgents as a belligerent, would soon recede from that position, which has proved only less injurious to themselves, than to our own country. But the temporary reverses which afterwards befell the national arms, and which were exaggerated by our own disloyal citizens abroad, have hitherto delayed that act of simple justice.

The civil war, which has so radically changed, for the moment, the occupations and habits of the American people, has necessarily disturbed the social condition, and affected very deeply the prosperity of the nations with which we have carried on a commerce that has been steadily increasing throughout a period of half a century. It has, at the same time, excited political ambitions and apprehensions which have produced a profound agitation throughout the civilized world. In this unusual agitation we have forborne from taking part in any controversy between foreign states, and between parties or factions in such states. We have attempted no propagandism, and acknowledged no revolution. But we have left to every nation the

During the last year there has not only been no change of our previous relations with the independent states of our own continent, but, more friendly sentiments than have heretofore existed, are believed to be entertained by these neighbors, whose safety and progress, are so intimately connected with our own. This statement especially applies to Mexico, Nicaragua, Costa Rica, Honduras, Peru, and Chile.

The commission under the convention with the republic of New Granada closed its session, without having audited and passed upon, all the claims which were submitted to it. A proposition is pending to revive the convention, that it may be able to do more complete justice. The joint commission between the United States and the republic of Costa Rica has completed its labors and submitted its report.

I have favored the project for connecting the United States with Europe by an Atlantic telegraph, and a similar project to extend the telegraph from San Francisco, to connect by a Pacific telegraph with the line which is being extended across the Russian empire.

The Territories of the United States, with unimportant exceptions, have remained undisturbed by the civil war; and they are exhibiting such evidence of prosperity as justifies an expectation that some of them will soon be in a condition to be organized as States, and be constitutionally admitted into the federal Union.

The immense mineral resources of some of those Territories ought to be developed as rapidly as possible. Every step in that direction would have a tendency to improve the revenues of the government, and diminish the burdens of the people. It is worthy of your serious consideration whether some extraordinary measures to promote that end cannot be adopted. The means which suggests itself as most likely to be effective, is a scientific exploration of the mineral regions in those Territories, with a view to the publication of its results at home and in foreign countries—results which cannot fail to be auspicious.

The condition of the finances will claim your most diligent consideration. The vast expenditures incident to the military and naval operations required for the suppression of the rebellion, have hitherto been met with a promptitude, and certainty, unusual in similar circumstances; and the public credit has been fully maintained. The continuance of the war, however, and the increased disbursements made necessary by the augmented forces now in the field, demand your best reflections as to the best modes of providing the necessary

revenue, without injury to business, and with the least possible burdens upon labor.

The suspension of specie payments by the banks, soon after the commencement of your last session, made large issues of United States notes unavoidable. In no other way could the payment of the troops, and the satisfaction of other just demands, be so economically, or so well provided for. The judicious legislation of Congress, securing the receivability of these notes for loans and internal duties, and making them a legal tender for other debts, has made them an universal currency; and has satisfied, partially, at least, and for the time, the long felt want of an uniform circulating medium, saving thereby to the people, immense sums in discounts and exchanges.

A return to specie payments, however, at the earliest period compatible with due regard to all interests concerned, should ever be kept in view. Fluctuations in the value of currency are always injurious, and to reduce these fluctuations to the lowest possible point will always be a leading purpose in wise legislation. Convertibility, prompt and certain convertibility into coin, is generally acknowledged to be the best and surest safeguard against them; and it is extremely doubtful whether a circulation of United States notes, payable in coin, and sufficiently large for the wants of the people, can be permanently, usefully and safely maintained.

Is there, then, any other mode in which the necessary provision for the public wants can be made, and the great advantages of a safe and uniform currency secured?

I know of none which promises so certain results, and is, at the same time, so unobjectionable, as the organization of banking associations, under a general act of Congress, well guarded in its provisions. To such associations the government might furnish circulating notes, on the security of United States bonds deposited in the treasury. These notes, prepared under the supervision of proper officers, being uniform in appearance and security, and convertible always into coin, would at once protect labor against the evils of a vicious currency, and facilitate commerce by cheap and safe exchanges.

A moderate reservation from the interest on the bonds would compensate the United States for the preparation and distribution of the notes, and a general supervision of the system, and would lighten the burden of that part of the public debt employed as securities. The public credit, moreover, would be greatly improved, and the negotiation of new loans greatly facilitated by the steady market demand for

government bonds which the adoption of the proposed system would create.

It is an additional recommendation of the measure, of considerable weight, in my judgment, that it would reconcile, as far as possible, all existing interests, by the opportunity offered to existing institutions to reorganize under the act, substituting only the secured uniform national circulation for the local and various circulation, secured and unsecured, now issued by them.

The receipts into the treasury from all sources, including loans, and balance from the preceding year, for the fiscal year ending on the 30th June, 1862, were $583,885,247 06, of which sum $49,056,397 62 were derived from customs; $1,795,331 73 from the direct tax; from public lands $152,203 77; from miscellaneous sources, $931,787 64; from loans in all forms, $529,692,460 50. The remainder, $2,257,065 80, was the balance from last year.

The disbursements during the same period were for congressional, executive, and judicial purposes, $5,939,009 29; for foreign intercourse, $1,339,710,35; for miscellaneous expenses, including the mints, loans, post office deficiencies, collection of revenue, and other like charges, $14,129,771 50; for expenses under the Interior Department, $3,102,985 52; under the War Department, $394,368,407 36; under the Navy Department, $42,674,569 69; for interest on public debt, $13,190,324 45; and for payment of public debt, including reimbursement of temporary loan, and redemptions, $96,096,922 09; making an aggregate of $570,841,700 25, and leaving a balance in the treasury on the first day of July, 1862, of 13,043,546 81.

It should be observed that the sum of $96,096,922 09, expended for reimbursements and redemption of public debt, being included also in the loans made, may be properly deducted, both from receipts and expenditures, leaving the actual receipts for the year $487,788,324 97; and the expenditures, $474,744,778 16.

Other information on the subject of the finances will be found in the report of the Secretary of the Treasury, to whose statements and views I invite your most candid and considerate attention.

The reports of the Secretaries of War, and of the Navy, are herewith transmitted. These reports, though lengthy, are scarcely more than brief abstracts of the very numerous and extensive transactions and operations conducted through those departments. Nor could I give a summary of them here, upon any principle, which would ad-

mit of its being much shorter than the reports themselves. I therefore content myself with laying the reports before you, and asking your attention to them.

It gives me pleasure to report a decided improvement in the financial condition of the Post Office Department, as compared with several preceding years. The receipts for the fiscal year 1861 amounted to $8,349,296 40, which embraced the revenue from all the States of the Union for three quarters of that year. Notwithstanding the cessation of revenue from the so-called seceded States during the last fiscal year, the increase of the correspondence of the loyal States has been sufficient to produce a revenue during the same year of $8,299,820 90, being only $50,000 less than was derived from all the States of the Union during the previous year. The expenditures show a still more favorable result. The amount expended in 1861 was $13,606,759 11. For the last year the amount has been reduced to $11,125,364 13, showing a decrease of about $2,481,000 in the expenditures as compared with the preceding year, and about $3,750,000 as compared with the fiscal year 1860. The deficiency in the department for the previous year was $4,551,966 98. For the last fiscal year it was reduced to $2,112,814 57. These favorable results are in part owing to the cessation of mail service in the insurrectionary States, and in part to a careful review of all expenditures in that department in the interest of economy. The efficiency of the postal service, it is believed, has also been much improved. The Postmaster General has also opened a correspondence, through the Department of State, with foreign governments, proposing a convention of postal representatives for the purpose of simplifying the rates of foreign postage, and to expedite the foreign mails. This proposition, equally important to our adopted citizens, and to the commercial interests of this country, has been favorably entertained, and agreed to, by all the governments from whom replies have been received.

I ask the attention of Congress to the suggestions of the Postmaster General in his report respecting the further legislation required, in his opinion, for the benefit of the postal service.

The Secretary of the Interior reports as follows in regard to the public lands:

"The public lands have ceased to be a source of revenue. From the 1st July, 1861, to the 30th September, 1862, the entire cash receipts from the sale of lands were $137,476 26—a sum much less

than the expenses of our land system during the same period. The homestead law, which will take effect on the 1st of January next, offers such inducements to settlers, that sales for cash cannot be expected, to an extent sufficient to meet the expenses of the General Land Office, and the cost of surveying and bringing the land into market."

The discrepancy between the sum here stated as arising from the sales of the public lands, and the sum derived from the same source as reported from the Treasury Department arises, as I understand, from the fact that the periods of time, though apparently, were not really, coincident at the beginning point—the Treasury report including a considerable sum now, which had previously been reported from the Interior—sufficiently large to greatly overreach the sum derived from the three months now reported upon by the Interior, and not by the Treasury.

The Indian tribes upon our frontiers have, during the past year, manifested a spirit of insubordination, and, at several points, have engaged in open hostilities against the white settlements in their vicinity. The tribes occupying the Indian country south of Kansas, renounced their allegiance to the United States, and entered into treaties with the insurgents. Those who remained loyal to the United States were driven from the country. The chief of the Cherokees has visited this city for the purpose of restoring the former relations of the tribe with the United States. He alleges that they were constrained, by superior force, to enter into treaties with the insurgents, and that the United States neglected to furnish the protection which their treaty stipulations required.

In the month of August last the Sioux Indians, in Minnesota, attacked the settlements in their vicinity with extreme ferocity, killing, indiscriminately, men, women, and children. This attack was wholly unexpected, and, therefore, no means of defence had been provided. It is estimated that not less than eight hundred persons were killed by the Indians, and a large amount of property was destroyed. How this outbreak was induced is not definitely known, and suspicions, which may be unjust, need not to be stated. Information was received by the Indian bureau, from different sources, about the time hostilities were commenced, that a simultaneous attack was to be made upon the white settlements by all the tribes between the Mississippi river and the Rocky mountains. The State of Minnesota has suffered great injury from this Indian war. A large portion of her

territory has been depopulated, and a severe loss has been sustained by the destruction of property. The people of that State manifest much anxiety for the removal of the tribes beyond the limits of the State as a guarantee against future hostilities. The Commissioner of Indian Affairs will furnish full details. I submit for your especial consideration whether our Indian system shall not be remodelled. Many wise and good men have impressed me with the belief that this can be profitably done.

I submit a statement of the proceedings of commissioners, which shows the progress that has been made in the enterprise of constructing the Pacific railroad. And this suggests the earliest completion of this road, and also the favorable action of Congress upon the projects now pending before them for enlarging the capacities of the great canals in New York and Illinois, as being of vital, and rapidly increasing importance to the whole nation, and especially to the vast interior region hereinafter to be noticed at some greater length. I purpose having prepared and laid before you at an early day some interesting and valuable statistical information upon this subject. The military and commercial importance of enlarging the Illinois and Michigan canal, and improving the Illinois river, is presented in the report of Colonel Webster to the Secretary of War, and now transmitted to Congress. I respectfully ask attention to it.

To carry out the provisions of the act of Congress of the 15th of May last, I have caused the Department of Agriculture of the United States to be organized.

The Commissioner informs me that within the period of a few months this department has established an extensive system of correspondence and exchanges, both at home and abroad, which promises to effect highly beneficial results in the development of a correct knowledge of recent improvements in agriculture, in the introduction of new products, and in the collection of the agricultural statistics of the different States.

Also that it will soon be prepared to distribute largely seeds, cereals, plants and cuttings, and has already published, and liberally diffused, much valuable information in anticipation of a more elaborate report, which will in due time be furnished, embracing some valuable tests in chemical science now in progress in the laboratory.

The creation of this department was for the more immediate benefit of a large class of our most valuable citizens ; and I trust that the liberal basis upon which it has been organized will not only meet

your approbation, but that it will realize, at no distant day, all the fondest anticipations of its most sanguine friends, and become the fruitful source of advantage to all our people.

On the twenty-second day of September last a proclamation was issued by the Executive, a copy of which is herewith submitted.

In accordance with the purpose expressed in the second paragraph of that paper, I now respectfully recall your attention to what may be called "compensated emancipation."

A nation may be said to consist of its territory, its people, and its laws. The territory is the only part which is of certain durability. "One generation passeth away, and another generation cometh, but the earth abideth forever." It is of the first importance to duly consider, and estimate, this ever-enduring part. That portion of the earth's surface which is owned and inhabited by the people of the United States, is well adapted to be the home of one national family; and it is not well adapted for two, or more. Its vast extent, and its variety of climate and productions, are of advantage, in this age, for one people, whatever they might have been in former ages. Steam, telegraphs, and intelligence, have brought these, to be an advantageous combination, for one united people.

In the inaugural address I briefly pointed out the total inadequacy of disunion, as a remedy for the differences between the people of the two sections. I did so in language which I cannot improve, and which, therefore, I beg to repeat:

"One section of our country believes slavery is *right*, and ought to be extended, while the other believes it is *wrong*, and ought not to be extended. This is the only substantial dispute. The fugitive slave clause of the Constitution, and the law for the suppression of the foreign slave trade, are each as well enforced, perhaps, as any law can ever be in a community where the moral sense of the people imperfectly supports the law itself. The great body of the people abide by the dry legal obligation in both cases, and a few break over in each. This, I think, cannot be perfectly cured; and it would be worse in both cases *after* the separation of the sections, than before. The foreign slave trade, now imperfectly suppressed, would be ultimately revived without restriction in one section; while fugitive slaves, now only partially surrendered, would not be surrendered at all by the other.

"Physically speaking, we cannot separate. We cannot remove our respective sections from each other, nor build an impassable wall

between them. A husband and wife may be divorced, and go out of the presence, and beyond the reach of each other; but the different parts of our country cannot do this. They cannot but remain face to face; and intercourse, either amicable or hostile, must continue between them. Is it possible, then, to make that intercourse more advantageous, or more satisfactory, *after* separation than *before?* Can aliens make treaties, easier than friends can make laws? Can treaties be more faithfully enforced between aliens, than laws can among friends? Suppose you go to war, you cannot fight always; and when, after much loss on both sides, and no gain on either, you cease fighting, the identical old questions, as to terms of intercourse, are again upon you."

There is no line, straight or crooked, suitable for a national boundary, upon which to divide. Trace through, from east to west, upon the line between the free and slave country, and we shall find a little more than one-third of its length are rivers, easy to be crossed, and populated, or soon to be populated, thickly upon both sides; while nearly all its remaining length, are merely surveyors' lines, over which people may walk back and forth without any consciousness of their presence. No part of this line can be made any more difficult to pass, by writing it down on paper, or parchment, as a national boundary. The fact of separation, if it comes, gives up, on the part of the seceding section, the fugitive slave clause, along with all other constitutional obligations upon the section seceded from, while I should expect no treaty stipulation would ever be made to take its place.

But there is another difficulty. The great interior region, bounded east by the Alleghanies, north by the British dominions, west by the Rocky mountains, and south by the line along which the culture of corn and cotton meets, and which includes part of Virginia, part of Tennessee, all of Kentucky, Ohio, Indiana, Michigan, Wisconsin, Illinois, Missouri, Kansas, Iowa, Minnesota, and the Territories of Dakota, Nebraska, and part of Colorado, already has above ten millions of people, and will have fifty millions within fifty years, if not prevented by any political folly or mistake. It contains more than one-third of the country owned by the United States—certainly more than one million of square miles. Once half as populous as Massachusetts already is, it would have more than seventy-five millions of people. A glance at the map shows that, territorially speaking, it is the great body of the republic. The other parts are but marginal borders to it, the magnificent region sloping west from the rocky mountains to

the Pacific, being the deepest, and also the richest, in undeveloped resources. In the production of provisions, grains, grasses, and all which proceed from them, this great interior region is naturally one of the most important in the world. Ascertain from the statistics the small proportion of the region which has, as yet, been brought into cultivation, and also the large and rapidly increasing amount of its products, and we shall be overwhelmed with the magnitude of the prospect presented. And yet this region has no sea-coast, touches no ocean anywhere. As part of one nation, its people now find, and may forever find, their way to Europe by New York, to South America and Africa by New Orleans, and to Asia by San Francisco. But separate our common country into two nations, as designed by the present rebellion, and every man of this great interior region is thereby cut off from some one or more of these outlets, not, perhaps, by a physical barrier, but by embarrassing and onerous trade regulations.

And this is true, *wherever* a dividing, or boundary line, may be fixed. Place it between the now free and slave country, or place it south of Kentucky, or north of Ohio, and still the truth remains, that none south of it, can trade to any port or place north of it, and none north of it, can trade to any port or place south of it, except upon terms dictated by a government foreign to them. These outlets, east, west, and south, are indispensable to the well-being of the people inhabiting, and to inhabit, this vast interior region. *Which* of the three may be the best, is no proper question. All, are better than either; and all, of right, belong to that people, and to their successors forever. True to themselves, they will not ask *where* a line of separation shall be, but will vow, rather, that there shall be no such line. Nor are the marginal regions less interested in these communications to, and through them, to the great outside world. They too, and each of them, must have access to this Egypt of the West, without paying toll at the crossing of any national boundary.

Our national strife springs not from our permanent part; not from the land we inhabit; not from our national homestead. There is no possible severing of this, but would multiply, and not mitigate, evils among us. In all its adaptations and aptitudes, it demands union, and abhors separation. In fact, it would, ere long, force re-union, however much of blood and treasure the separation might have cost.

Our strife pertains to ourselves—to the passing generations of men;

and it can, without convulsion, be hushed forever with the passing of one generation.

In this view, I recommend the adoption of the following resolution and articles amendatory to the Constitution of the United States:

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, (two-thirds of both houses concurring,) That the following articles be proposed to the legislatures (or conventions) of the several States as amendments to the Constitution of the United States, all or any of which articles when ratified by three-fourths of the said legislatures (or conventions) to be valid as part or parts of the said Constitution, viz:

"ARTICLE —.

"Every State, wherein slavery now exists, which shall abolish the same therein, at any time, or times, before the first day of January, in the year of our Lord one thousand and nine hundred, shall receive compensation from the United States as follows, to wit:

"The President of the United States shall deliver to every such State, bonds of the United States, bearing interest at the rate of —— per cent. per annum, to an amount equal to the aggregate sum of for each slave shown to have been therein, by the eighth census of the United States, said bonds to be delivered to such State by instalments, or in one parcel, at the completion of the abolishment, accordingly as the same shall have been gradual, or at one time, within such State; and interest shall begin to run upon any such bond, only from the proper time of its delivery as aforesaid. Any State having received bonds as aforesaid, and afterwards reintroducing or tolerating slavery therein, shall refund to the United States the bonds so received, or the value thereof, and all interest paid thereon.

"ARTICLE —.

"All slaves who shall have enjoyed actual freedom by the chances of the war, at any time before the end of the rebellion, shall be forever free; but all owners of such, who shall not have been disloyal, shall be compensated for them, at the same rates as is provided for States adopting abolishment of slavery, but in such way, that no slave shall be twice accounted for.

"ARTICLE —.

"Congress may appropriate money, and otherwise provide, for colonizing free colored persons, with their own consent, at any place or places without the United States."

I beg indulgence to discuss these proposed articles at some length. Without slavery the rebellion could never have existed; without slavery it could not continue.

Among the friends of the Union there is great diversity of sentiment, and of policy, in regard to slavery, and the African race amongst us. Some would perpetuate slavery; some would abolish it suddenly, and without compensation; some would abolish it gradually, and with compensation; some would remove the freed people from us, and some would retain them with us; and there are yet other minor diversities. Because of these diversities, we waste much strength in struggles among ourselves. By mutual concession we should harmonize, and act together. This would be compromise; but it would be compromise among the friends, and not with the enemies of the Union. These articles are intended to embody a plan of such mutual concessions. If the plan shall be adopted, it is assumed that emancipation will follow, at least, in several of the States.

As to the first article, the main points are: first, the emancipation; secondly, the length of time for consummating it—thirty-seven years; and thirdly, the compensation.

The emancipation will be unsatisfactory to the advocates of perpetual slavery; but the length of time should greatly mitigate their dissatisfaction. The time spares both races from the evils of sudden derangement—in fact, from the necessity of any derangement—while most of those whose habitual course of thought will be disturbed by the measure will have passed away before its consummation. They will never see it. Another class will hail the prospect of emancipation, but will deprecate the length of time. They will feel that it gives too little to the now living slaves. But it really gives them much. It saves them from the vagrant destitution which must largely attend immediate emancipation in localities where their numbers are very great; and it gives the inspiring assurance that their posterity shall be free forever. The plan leaves to each State, choosing to act under it, to abolish slavery now, or at the end of the century, or at any intermediate time, or by degrees, extending over the whole or any part of the period; and it obliges no two States

to proceed alike. It also provides for compensation, and, generally, the mode of making it. This, it would seem, must further mitigate the dissatisfaction of those who favor perpetual slavery, and especially of those who are to receive the compensation. Doubtless some of those who are to pay, and not to receive, will object. Yet the measure is both just and economical. In a certain sense, the liberation of slaves is the destruction of property—property acquired by descent, or by purchase, the same as any other property. It is no less true for having been often said that the people of the south are not more responsible for the original introduction of this property than are the people of the north; and when it is remembered how unhesitatingly we all use cotton and sugar, and share the profits of dealing in them, it may not be quite safe to say that the south has been more responsible than the north for its continuance. If, then, for a common object, this property is to be sacrificed, is it not just that it be done at a common charge?

And if, with less money, or money more easily paid, we can preserve the benefits of the Union by this means than we can by the war alone, is it not also economical to do it? Let us consider it then. Let us ascertain the sum we have expended in the war since compensated emancipation was proposed last March, and consider whether, if that measure had been promptly accepted, by even some of the slave States, the same sum would not have done more to close the war than has been otherwise done. If so, the measure would save money, and, in that view, would be a prudent and economical measure. Certainly it is not so easy to pay *something* as it is to pay *nothing;* but it is easier to pay a *large* sum than it is to pay a *larger* one. And it is easier to pay any sum *when* we are able, than it is to pay it *before* we are able. The war requires large sums, and requires them at once. The aggregate sum necessary for compensated emancipation, of course, would be large. But it would require no ready cash; nor the bonds even, any faster than the emancipation progresses. This might not, and probably would not, close before the end of the thirty-seven years. At that time we shall probably have a hundred millions of people to share the burden, instead of thirty-one millions, as now. And not only so, but the increase of our population may be expected to continue for a long time after that period as rapidly as before; because our territory will not have become full. I do not state this inconsiderately. At the same ratio of increase which we have maintained, on an average,

from our first national census, in 1790, until that of 1860, we should, in 1900, have a population of 103,208,415. And why may we not continue that ratio far beyond that period? Our abundant room—our broad national homestead—is our ample resource. Were our territory as limited as are the British Isles, very certainly our population could not expand as stated. Instead of receiving the foreign born, as now, we should be compelled to send part of the native born away. But such is not our condition. We have two millions nine hundred and sixty-three thousand square miles. Europe has three millions and eight hundred thousand, with a population averaging seventy-three and one-third persons to the square mile. Why may not our country, at some time, average as many? Is it less fertile? Has it more waste surface, by mountains, rivers, lakes, deserts, or other causes? Is it inferior to Europe in any natural advantage? If, then, we are, at some time, to be as populous as Europe, how soon? As to when this *may* be, we can judge by the past and the present; as to when it *will* be, if ever, depends much on whether we maintain the Union. Several of our States are already above the average of Europe—seventy-three and a third to the square mile. Massachusetts has 157; Rhode Island, 133; Connecticut, 99; New York and New Jersey, each, 80. Also two other great States, Pennsylvania and Ohio, are not far below, the former having 63 and the latter 59. The States already above the European average, except New York, have increased in as rapid a ratio, since passing that point, as ever before; while no one of them is equal to some other parts of our country in natural capacity for sustaining a dense population.

Taking the nation in the aggregate, and we find its population and ratio of increase, for the several decennial periods, to be as follows:

1790	3,929,827		
1800	5,305,937	35.02 per cent.	ratio of increase.
1810	7,239,814	36.45 "	"
1820	9,638,131	33.13 "	"
1830	12,866,020	33.49 "	"
1840	17,069,453	32.67 "	"
1850	23,191,876	35.87 "	"
1860	31,443,790	35.58 "	"

This shows an average decennial increase of 34.60 per cent. in population through the seventy years from our first to our last census

yet taken. It is seen that the ratio of increase, at no one of these seven periods, is either two per cent. below, or two per cent. above, the average; thus showing how inflexible, and, consequently, how reliable, the law of increase, in our case, is. Assuming that it will continue, gives the following results:

1870	42,323,341
1880	56,967,216
1890	76,677,872
1900	103,208,415
1910	138,918,526
1920	186,984,335
1930	251,680,914

These figures show that our country *may* be as populous as Europe now is at some point between 1920 and 1930—say about 1925—our territory, at seventy-three and a third persons to the square mile, being of capacity to contain 217,186,000.

And we *will* reach this, too, if we do not ourselves relinquish the chance, by the folly and evils of disunion, or by long and exhausting war springing from the only great element of national discord among us. While it cannot be foreseen exactly how much one huge example of secession, breeding lesser ones indefinitely, would retard population, civilization, and prosperity, no one can doubt that the extent of it would be very great and injurious.

The proposed emancipation would shorten the war, perpetuate peace, insure this increase of population, and proportionately the wealth of the country. With these, we should pay all the emancipation would cost, together with our other debt, easier than we should pay our other debt, without it. If we had allowed our old national debt to run at six per cent. per annum, simple interest, from the end of our revolutionary struggle until to-day, without paying anything on either principal or interest, each man of us would owe less upon that debt now, than each man owed upon it then; and this because our increase of men, through the whole period, has been greater than six per cent.; has run faster than the interest upon the debt. Thus time alone relieves a debtor nation, so long as its population increases faster than unpaid interest accumulates on its debt.

This fact would be no excuse for delaying payment of what is justly due; but it shows the great importance of time in this connexion—

the great advantage of a policy by which we shall not have to pay until we number a hundred millions, what, by a different policy, we would have to pay now, when we number but thirty-one millions. In a word, it shows that a dollar will be much harder to pay for the war, than will be a dollar for emancipation on the proposed plan. And then the latter will cost no blood, no precious life. It will be a saving of both.

As to the second article, I think it would be impracticable to return to bondage the class of persons therein contemplated. Some of them, doubtless, in the property sense, belong to loyal owners; and hence, provision is made in this article for compensating such.

The third article relates to the future of the freed people. It does not oblige, but merely authorizes, Congress to aid in colonizing such as may consent. This ought not to be regarded as objectionable, on the one hand or on the other, in so much as it comes to nothing, unless by the mutual consent of the people to be deported, and the American voters, through their representatives in Congress.

I cannot make it better known than it already is that I strongly favor colonization. And yet I wish to say there is an objection urged against free colored persons remaining in the country, which is largely imaginary, if not sometimes malicious.

It is insisted that their presence would injure and displace white labor and white laborers. If there ever could be a proper time for mere catch arguments, that time surely is not now. In times like the present, men should utter nothing for which they would not willingly be responsible through time and in eternity. Is it true, then, that colored people can displace any more white labor, by being free, than by remaining slaves? If they stay in their old places, they jostle no white laborers; if they leave their old places, they leave them open to white laborers. Logically, there is neither more nor less of it. Emancipation, even without deportation, would probably enhance the wages of white labor, and, very surely, would not reduce them. Thus, the customary amount of labor would still have to be performed; the freed people would surely not do more than their old proportion of it, and very probably, for a time, would do less, leaving an increased part to white laborers, bringing their labor into greater demand, and, consequently, enhancing the wages of it. With deportation, even to a limited extent, enhanced wages to white labor is mathematically certain. Labor is like any other commodity in the market—increase

the demand for it, and you increase the price of it. Reduce the supply of black labor, by colonizing the black laborer out of the country, and, by precisely so much, you increase the demand for, and wages of, white labor.

But it is dreaded that the freed people will swarm forth, and cover the whole land. Are they not already in the land? Will liberation make them any more numerous? Equally distributed among the whites of the whole country, and there would be but one colored to seven whites. Could the one, in any way, greatly disturb the seven? There are many communities now having more than one free colored person to seven whites; and this, without any apparent consciousness of evil from it. The District of Columbia, and the States of Maryland and Delaware, are all in this condition. The District has more than one free colored to six whites; and yet, in its frequent petitions to Congress, I believe it has never presented the presence of free colored persons as one of its grievances. But why should emancipation south, send the freed people north? People, of any color, seldom run, unless there be something to run from. *Heretofore* colored people, to some extent, have fled north from bondage; and *now*, perhaps, from both bondage and destitution. But if gradual emancipation and deportation be adopted they will have neither to flee from. Their old masters will give them wages at least until new laborers can be procured; and the freed men, in turn, will gladly give their labor for the wages, till new homes can be found for them, in congenial climes, and with people of their own blood and race. This proposition can be trusted on the mutual interests involved. And, in any event, cannot the north decide for itself whether to receive them?

Again, as practice proves more than theory, in any case, has there been any irruption of colored people northward, because of the abolishment of slavery in this District last spring?

What I have said of the proportion of free colored persons to the whites in the District is from the census of 1860, having no reference to persons called contrabands, nor to those made free by the act of Congress abolishing slavery here.

The plan consisting of these articles is recommended, not but that a restoration of the national authority would be accepted without its adoption.

Nor will the war, nor proceedings under the proclamation of September 22, 1862, be stayed because of the *recommendation* of this

plan. Its timely *adoption*, I doubt not, would bring restoration, and thereby stay both.

And, notwithstanding this plan, the recommendation that Congress provide by law for compensating any State which may adopt emancipation, before this plan shall have been acted upon, is hereby earnestly renewed. Such would be only an advance part of the plan, and the same arguments apply to both.

This plan is recommended as a means, not in exclusion of, but additional to, all others for restoring and preserving the national authority throughout the Union. The subject is presented exclusively in its economical aspect. The plan would, I am confident, secure peace more speedily, and maintain it more permanently, than can be done by force alone; while all it would cost, considering amounts, and manner of payment, and times of payment, would be easier paid than will be the additional cost of the war, if we rely solely upon force. It is much—very much—that it would cost no blood at all.

The plan is proposed as permanent constitutional law. It cannot become such without the concurrence of, first, two-thirds of Congress, and, afterwards, three-fourths of the States. The requisite three-fourths of the States will necessarily include seven of the slave States. Their concurrence, if obtained, will give assurance of their severally adopting emancipation, at no very distant day, upon the new constitutional terms. This assurance would end the struggle now, and save the Union forever.

I do not forget the gravity which should characterize a paper addressed to the Congress of the nation by the Chief Magistrate of the nation. Nor do I forget that some of you are my seniors; nor that many of you have more experience than I in the conduct of public affairs. Yet I trust that, in view of the great responsibility resting upon me, you will perceive no want of respect to yourselves in any undue earnestness I may seem to display.

Is it doubted, then, that the plan I propose, if adopted, would shorten the war, and thus lessen its expenditure of money and of blood? Is it doubted that it would restore the national authority and national prosperity, and perpetuate both indefinitely? Is it doubted that we here—Congress and Executive—can secure its adoption? Will not the good people respond to a united and earnest appeal from us? Can we, can they, by any other means, so certainly, or so speedily, assure these vital objects? We can succeed

only by concert. It is not "can *any* of us *imagine* better?" but "can we *all* do better?" Object whatsoever is possible, still the question recurs "can we do better?" The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country.

Fellow-citizens, *we* cannot escape history. We, of this Congress and this administration, will be remembered in spite of ourselves. No personal significance, or insignificance, can spare one or another of us. The fiery trial through which we pass will light us down, in honor or dishonor, to the latest generation. We *say* we are for the Union. The world will not forget that we say this. We know how to save the Union. The world knows we do know how to save it. We—even *we here*—hold the power, and bear the responsibility. In *giving* freedom to the *slave*, we *assure* freedom to the *free*—honorable alike in what we give, and what we preserve. We shall nobly save, or meanly lose, the last best hope of earth. Other means may succeed; this could not fail. The way is plain, peaceful, generous, just—a way which, if followed, the world will forever applaud, and God must forever bless.

ABRAHAM LINCOLN.

DECEMBER 1, 1862.

REPORT

OF THE

SECRETARY OF THE INTERIOR.

DEPARTMENT OF THE INTERIOR,
November 29, 1862.

SIR: I have the honor to submit, for your consideration, the annual report of this department, with the reports of the several bureaus and institutions which by law are placed under its supervision.

It is a source of gratification that, while the social and commercial relations of the people have been greatly deranged by the civil war which rebellion has forced upon the country, in most of the loyal States the great interests of agriculture, manufactures, and commerce have been well sustained, and have returned remunerating profits for the capital and labor invested in them.

The several reports which are herewith transmitted exhibit, in detail, the operations in the several branches of the public service which are placed under the charge of this department.

GENERAL LAND OFFICE.

The demand for the public lands has continued to decline since my last report. The sales for cash have not produced a sum sufficient to pay the expenses of our land system.

On the 30th of September, 1861, there were surveyed and ready for sale 134,218,330.89 acres. From that date until September 30, 1862, there have been surveyed 3,135,067.41 acres.

During the fiscal year ending June 30, 1862, and the first quarter of the current fiscal year, there were sold for cash 154,258.65 acres, producing $137,476 26. During the same period 712,055.77 acres have been located with bounty land warrants; 1,133,898.92 acres have been certified under railroad grants made by Congress; and 24,316.09 acres have been certified to different States as swamp lands. The aggregate amount thus disposed of was 2,024,529.43 acres, leaving, of surveyed lands ready for sale on the 30th of September, 1862, 135,328,868.84 acres.

Under the bounty land laws of 1847, 1850, 1852, and 1855, there were issued, prior to the 30th of September, 1862, 537,471 warrants, covering 58,876,430 acres of land. Of these, there were outstanding and unsatisfied, September, 30, 1862, 65,913 warrants, covering 7,123,380 acres.

The necessary steps have been taken to carry into effect the act approved May 20, 1862, "to secure homesteads to actual settlers on the public domain," and every facility contemplated by the law will be afforded to those who may desire to avail themselves of its provisions after the 1st of January next.

The estimates for surveys submitted by the General Land Office for the last as well as the present year are much less than usual. The large amount of lands already in market, and the constantly diminishing sales, have suggested the propriety of this course. The law passed at the last session of Congress, requiring the cost of surveys of private land claims in California and New Mexico to be paid by the claimants, will save to the treasury a large amount. The government paid for such surveys, before the passage of that law, $178,769 09, while the entire benefit enured to the claimants.

The public lands for agricultural purposes can no longer be looked to as a source of revenue. The inducements to settlements presented by the homestead law will preclude extended sales for cash. The pine lands of the north will be purchased for the timber they supply, but these will be paid for mainly with warrants and the various land scrip which has heretofore been issued, or is authorized under existing laws. The amount of cash which will be hereafter received on purchases made either for the timber or cultivation will pay but a small proportion of the expenses of our land system.

The extensive mineral lands belonging to the United States, although containing inexhaustible mines of wealth, have heretofore been wholly unproductive as a source of revenue. The products of these mines have increased the wealth and prosperity of the country, but the direct profits upon their production have been enjoyed exclusively by those who have been engaged in mining them. It has become a grave question, to be determined by Congress, whether this policy shall be longer continued, or whether these vast mines of wealth shall not be made available to aid in liquidating our national debt, so far as this may be done without injustice to the enterprising men who are working them. The great auriferous region of the United States, on the western portion of the continent, extends from 31° 30′ north latitude to the 49°, and from 100° of longitude to the Pacific ocean, embracing portions of Dakota, Nebraska, Colorado, New Mexico, Arizona, Utah, Nevada, California, Oregon, and Washington, and covering an area of more than a million square miles.

This vast region is traversed by extensive ranges of mountains, which are literally stocked with minerals, gold and silver being interspersed in profusion, and daily brought to light by new discoveries. The precious metals are found imbedded in mountains and in rich washings, marking the pathways of rivers and floods. The silver mines of Nevada and New Mexico promise a production greater than that of any other portion of the world. The discoveries of gold in the Colorado or southern portion of California, and in the region stretching thence up to and north of the Salmon river, in the Territory of Washington, are stimulating the mining enterprise of that region beyond all former precedent.

Before the discovery of the gold of California the annual production of gold in all parts of the world did not exceed an average of eighteen millions. The present annual production in California is estimated to average seventy millions. The Commissioner of the General Land Office, after extensive inquiry from all available sources of information, estimates the production of gold the present year from the whole region of country before described at one hundred millions. If an amount of labor relatively equal to that expended in California had been applied to the gold fields already known to exist outside of that State, it is believed that the production of this year, including that of California, would have exceeded four hundred millions.

Our rapidly increasing public debt demands a resort to every available source of revenue. The mineral lands of the public domain are the property of the whole people, and justice, as well as sound policy, requires that they should be used as a means of relieving them, to some extent, from the burdens of taxation.

Several modes have been suggested for making these lands productive to the government. The granting of leases by the government, the collection of a certain proportion of the proceeds of the mines, and the absolute sale of the land, in small lots, have each been advocated. It has been estimated that at least $500,000,000 could be realized by the sale of them in one-acre lots, after granting to those who are now engaged in mining a clear title, without cost, to the lands they occupy. It will be for Congress to determine which, if either of these systems shall be adopted.

It is due to those who are now engaged in mining that their interests, and the capital they have invested, should receive a proper degree of protection.

I invite attention to the able report of the Commissioner of the General Land Office upon this subject, and the information which, with much labor, he has collected in relation to the mineral lands.

Coal.—Besides the precious metals which exist in such large quantities, extensive coal fields have been discovered, many of which are accessible by navigable streams. Our vessels in the Pacific are now supplied with coal purchased in Pennsylvania and shipped to San Francisco and other points on the Pacific coast. The cost of the coal, with the freight and expense of loading and unloading at those points, amounts to nearly, if not quite, twenty dollars per ton. While the government is paying so large a price for coal, extensive coal mines are found to exist on the public lands within forty miles of San Francisco, and within five miles of the Joaquin river, which is navigable with vessels of a large class.

These mines are styled the "Mount Diablo coal mines." It is represented that the principal vein is located about one mile east from Mount Diablo, in a low range of hills; thence, running east, six miles; thence, with the course of the hills, due south, twelve miles. As far as prospected, the vein appears to be about five feet in thickness. The coal is being taken out in large quantities, and is readily sold at twelve dollars per ton.

From these mines the vessels of the United States in the Pacific can be fully supplied with coal at the cost of mining and transporting it to San Francisco. It is hoped that the attention of Congress will be early given to this subject, and that such legislation will be adopted as will secure an ample supply for the use of the government, and a fair compensation for the coal which may be taken for private use.

PUBLIC LANDS OF TEXAS.

By the joint resolution of March 1, 1845, annexing Texas to the United States, the State was allowed to retain her public lands as a fund to pay her debts. Notwithstanding the express stipulation in that resolution, that the United States should in no event assume the payment of any portion of the debts of Texas, the demands of her creditors were persistently pressed upon Congress, upon various pretexts, until Congress, by the act of September 9, 1850, agreed to pay the sum of $10,000,000, which was subsequently paid.

The liberality of the United States has met with no other return than treason and insurrection, and the robbery of the property for which the government had paid a full consideration. The consideration was paid, too, after an express stipulation in the compact of annexation, that the property should be ceded to the United States without any other consideration than the privilege of being admitted as one of the States of the confederacy.

A large portion of the public lands of Texas remains unsold. It is estimated that the quantity is equal to 100,000,000 of acres. They are among the best agricultural lands of the State. These lands are a proper subject of confiscation. The people of the State, by their treason, have forfeited all right to them. In no State has treason been more rampant and defiant, more cruel and bloody, than in Texas. In no State have loyal citizens been persecuted with more rancor and hatred than there. These lands being the property of the whole people of Texas, cannot be reached, as the property of individuals, under the several acts of Congress for the suppression of the rebellion, but may be confiscated to the United States by an act of Congress.

It is recommended that an act shall be passed, declaring the public lands of Texas forfeited to the United States, and placing them under the operation of the homestead law. They will then be settled by a loyal and industrious population, which will rapidly develope the great natural resources of the State, and furnish a guarantee against treason in the future.

INDIAN AFFAIRS.

The administration of the business of the Indian bureau has been attended with unusual difficulties during the past year. Most of the Indian tribes with which treaties have been made (excepting the tribes in Kansas) have manifested a restless and turbulent spirit, developed, in many instances, into open hostilities.

The Indian country south of Kansas, inhabited by the Cherokees,

Chickasaws, Choctaws, and Seminoles, was occupied by the insurgents very soon after the commencement of the war. The Indians, overawed by a strong military force in their midst, and seeing no prospect of aid or protection from the troops of the United States, renounced their allegiance to the federal government, and made treaties with the insurgent government. By those treaties that government agreed to pay them the same amount of annuities which they had previously received from the United States, and there is good reason to believe that one or more of the instalments have been paid. A large number of the Indians were organized into regiments and placed in the insurgent army. A portion of them, who refused to participate in this insurrectionary movement, attempted to resist it by force, but after two or three engagements were driven from the country.

About seven thousand, including women and children, fled to Kansas. They were driven out during the last winter, and having no shelter to protect them from the weather, and being very indifferently supplied with clothing, they were exposed to extreme suffering, and many of them perished from cold. They were destitute of food, and must have died from starvation if subsistence had not been furnished to them by the Indian bureau. During the last spring three regiments of the refugee Indians were organized under the directions of the War Department, with the expectation that they would be sent to the Indian country, and be aided by such additional forces as would be sufficient to protect them in their homes. They have since been detailed for military duties in some other portion of the country. In the meantime the women and children still remain in Kansas, and are subsisted from the annuities due to the insurrectionary tribes, under treaty stipulations.

The principal chief of the Cherokees has visited Washington for the purpose of endeavoring to restore the former relation of the nation to the United States. He insists that they have been guilty of no voluntary disloyalty, and that what they have done they did under the pressure of superior force, which they were unable to resist. The future relations of these tribes to the government should be determined by Congress.

In the month of August last the Sioux Indians in Minnesota most unexpectedly commenced hostilities against the white settlers in their vicinity, and prosecuted them with a degree of cruelty and barbarity scarcely paralleled by any acts of Indian warfare since the first settlement of this country. Men, women, and helpless children were indiscriminately slaughtered. Women were violated in the presence of their husbands and parents, and subsequently murdered; houses were burned, and every species of property destroyed or stolen. A large extent of country, in an advanced stage of improvement, was rendered utterly desolate. It is estimated that the number of lives destroyed by the savages is not less than 800. This outbreak was so sudden and unexpected that the settlers were taken by surprise, and were found without the means of resistance or defence. No effectual check could be given to the Indians until a force of two thousand men, under

the command of General H. H. Sibley, was sent from St. Paul, the capital of the State. The Indians were defeated by General Sibley, in two or three engagements, and finally dispersed.

The Sioux Indians are connected with kindred tribes, extending from the Mississippi river, and bordering upon the British possessions, to the Rocky mountains. The various tribes, united, can bring into the field ten thousand warriors. They are supplied with arms and ammunition to a considerable extent. They have it in their power to inflict great injury upon the white settlements throughout that whole region; and, without the presence of a large military force, may entirely destroy them. Their proximity to the British possessions would enable them to escape pursuit by crossing the line, where our troops could not follow them.

The press has announced that the Indian war is ended. It is true that active warfare, in the field, has ceased, and the Indians are unable to resist the organized troops of the government; but they have it in their power to break up all the white settlements and depopulate an extensive region of country, unless a large military force shall be kept there.

The causes of the Indian hostilities in Minnesota have been a subject of much discussion. After a careful examination of all the data which the Indian bureau has been able to obtain, bearing upon the causes which produced the immediate outbreak, I am satisfied that the chief cause is to be found in the insurrection of the southern States.

On the 29th of August, 1862, honorable J. R. Giddings, United States consul general in Canada, addressed a letter to the Secretary of State, in which he said: "There is little doubt that the recent outbreak of the Chippewa Indians in the northwest has resulted from the efforts of secession agents, operating through Canadian Indians and fur traders. To what extent citizens of Canada are involved I am unable to say."

This statement is confirmed by information obtained from other sources.

As early as the 5th of August last, the superintendent of Indian affairs in Utah wrote to the Commissioner of Indian Affairs that several prominent chiefs were endeavoring to effect a general rising of the tribes in that region, to exterminate the white settlers.

On the 26th of August the agent of the overland mail company telegraphed the Postmaster General that "general war with nearly all the tribes of Indians east of the Missouri river is close at hand."

The evidence of a general hostile disposition on the part of the Indians was so strong that this department considered it proper to instruct the Commissioner of Indian Affairs to publish an advertisement, warning the public of the dangers likely to be encountered on the overland route to the Pacific.

Rev. P. J. De Smet, an intelligent Catholic priest, in a letter to the Commissioner of Indian Affairs, dated September 5th, stated: "Whilst in the upper plains of the Missouri river last June and July, at Fort Barthold, among the Gros Ventres, the Ricarees and Man-

dans, at Fort Union, among the Assinaboines, and at Fort Benton, among the Blackfeet Indians, I heard it frequently stated by American traders that the Indians of the plains had been greatly tampered with by the English traders along the boundary line, and expected to assist them in the then expected war between Great Britain and the United States. This excitement took place when the news reached the upper country of the difficulties created between the two countries by the arrest of Slidell and Mason. A great number of Indians of the various tribes had been induced to come and trade their furs on the British side of the line, and were promised that they would be provided, in due time, with all that was necessary to expel the Americans from their Indian country."

It is alleged by persons who were present at the attack upon Fort Ridgely by the Sioux that orders were heard distinctly given in English, and repeated in the Sioux language. The movements and attacks of the Indians, it is said, indicated the presence and guidance of persons familiar with the mode of civilized warfare.

For some time previous to the commencement of hostilities emissaries were sent through the several tribes, with the wampum, to incite them to a general attack upon the white settlements. It is a significant fact that United States soldiers, who were made prisoners by the confederate forces, were compelled to sign a parole, containing a stipulation that they should not engage in service against Indians.

Many of the Indians were dissatisfied with the treaties by which they had agreed to part with their lands. They complained that they had been deprived of their hunting grounds and of the means of subsistence. They also complained of alleged frauds on the part of Indian agents and traders, some of which may have been well founded, but many were doubtless groundless. These complaints were aggravated and increased by insidious and false representations made by traders whose licenses had been revoked, and who were smarting under the deprivation of the profits they had been accustomed to make from their traffic with the Indians. These causes combined had for some time tended to produce a spirit of discontent and insubordination in the Indians.

The representation through southern emissaries that the troops of the United States had been defeated in several battles, and that the government of the United States was destroyed and would be unable to resist them, suggested the time as favorable for an effort to recover their lands and to gratify their desire for vengeance upon the whites.

But although the Indians had been for a long time harboring hostile designs, and providing arms and ammunition, the settlers in their vicinity, unsuspecting of danger, had made no provision for defence, and were wholly unprepared for the attack. It is alleged that the onslaught upon the whites was precipitated earlier than was intended, by a sudden raid of a band of four Sioux. These men in roaming through the country obtained some whiskey from a white man, and, becoming intoxicated, engaged in a controversy about their comparative bravery, when they agreed that the one who should first kill a

white man should be regarded as the bravest. They soon afterwards attacked and killed several white men whom they met. They then fled to their village and reported what had occurred. Little Crow, the principal chief, and his band, expecting retaliation by the whites for this outrage, determined immediately to commence the attack they had long been contemplating.

The next morning, from two hundred and fifty to three hundred Indians, headed by Little Crow, proceeded to the agency and engaged in an indiscriminate slaughter of all the whites they could find. They continued their attacks upon the white settlements with the utmost ferocity, until they were defeated by the forces under the command of General Sibley.

The Chippewas, although they have committed no hostilities beyond the plunder and destruction of some property, have for some time past manifested a spirit of discontent, and assumed a threatening attitude. Charges of fraud were made by the chiefs against the United States agent for the tribe. Steps have been taken to investigate these charges, and ascertain whether they are well-founded. Very soon after the commencement of hostilities, the agent left the reservation greatly excited and alarmed, and committed suicide.

The Winnebagoes have been charged with manifesting hostile intentions. It is alleged that some of their tribe were found in arms with the Sioux, but no evidence has been discovered calculated to implicate the tribe. The most of them have remained quietly on their reservation during the war.

The condition of affairs produced by these Indian hostilities demands of Congress prompt legislation. The people of Minnesota have suffered irreparable injuries. Large settlements have been depopulated, and numerous families have been destroyed. The loss of life is beyond the power of Congress to compensate. The destruction of property has been very great, and the sufferers are entitled to indemnity, at least to the extent of the property held by the government in trust for the tribe. No examination has yet been made from which the extent of the pecuniary loss can be ascertained. The mode and measure of indemnity must be determined by Congress.

But the people of Minnesota ask not only indemnity for the destruction of their property, but they insist upon guarantees of future protection. This, they think, can be obtained only by the removal of the Indians to some point so remote from the settlements as to preclude the possibility of another attack. No promises of forbearance and future good conduct on the part of the Indians can allay their fears. It is apparent that while they remain in the vicinity of the settlements they have desolated those settlements cannot be repeopled. The treachery and cruelty of the recent attack upon a confiding and unsuspecting people, involving helpless women and children in indiscriminate slaughter, forbids the indulgence of confidence in the future.

It may well be questioned whether the government has not adopted a mistaken policy in regarding the Indian tribes as quasi-independent nations, and making treaties with them for the purchase of the lands

they claim to own. They have none of the elements of nationality; they are within the limits of the recognized authority of the United States and must be subject to its control. The rapid progress of civilization upon this continent will not permit the lands which are required for cultivation to be surrendered to savage tribes for hunting grounds. Indeed, whatever may be the theory, the government has always demanded the removal of the Indians when their lands were required for agricultural purposes by advancing settlements. Although the consent of the Indians has been obtained in the form of treaties, it is well known that they have yielded to a necessity which they could not resist.

The admission of their right to the lands and of the necessity of their consent to a cession has given them a feeling of independence, and fostered a desire for vengeance for every supposed violation of their rights. They are exacting in their demands for the fulfilment of treaty stipulations, as they construe them, or as they are interpreted by dishonest and designing persons, who are interested in fomenting their discontents, and they seek revenge upon the government for real or imaginary wrongs by the slaughter of women and children.

The duty of the government to protect the Indians and prevent their suffering for the want of the necessaries of life should be fully recognized. They should be taught to earn their subsistence by labor, and be instructed in the cultivation of the soil. The government should designate the place where they shall reside and afford them protection in the lands which are assigned to them for a home, and furnish them with such aid as, with the fruits of their own labor, will afford them an adequate support. They should be taught to rely on the cultivation of the soil for a subsistence, and that they can become independent only through their industry.

Kansas Indians.—The people of Kansas are very earnest in the expression of their wishes for the transfer of the Indian tribes within that State to the Indian country on the south.

The presence of Indians in such great numbers, occupying a large portion of the best lands of the State, retards the progress of the State in population and improvement. The close proximity of the Indians to the white settlements affords facilities for illegal intercourse and traffic which it is found impossible to prevent entirely. As a consequence, the Indians are encouraged in habits of idleness and dissipation, and are despoiled of their money and property. Their removal would undoubtedly result in advantage to both races.

It is not proposed to compel them to remove against their wishes. A large portion of them have expressed a desire to be removed to the Indian country south, and it is believed that the several tribes will readily enter into treaties for the removal of those who desire to be transferred. Portions of the different tribes have made such progress in civilization that they can now cultivate their lands and earn their subsistence. These would remain and become citizens of the State and subject to its laws.

While the people of Kansas and the Indians would be benefited

by this change, it would result in benefit to the government, by diminishing the expenses now annually incurred. Instead of employing one agent for each of the tribes, one competent agent could supervise the business of all of them. That portion of the lands now held by the Indians in Kansas, which may be rightfully claimed by those who will be willing to remove, may be sold for a larger sum than will be required to purchase all the lands they will need in the Indian country.

California Indians.—A provision in one of the appropriation bills of the last session of Congress directed an inquiry into the expediency of reducing the Indian reservations in that State to two, to designate the proper places for them, and the probable cost and the value of the present reservations; also in what manner the expenses of the Indian department in that State can be diminished.

The time which has elapsed since the adjournment of Congress has been too brief to enable the department to obtain the information required; and I can only present at this time some general suggestions.

There are now two superintendents in California, one having charge of the Indians in the northern and the other of those in the southern part of the State. Both keep their offices at San Francisco. I am unable to perceive any advantage from this system of double superintendencies in a single State. By placing the supervision of all the Indians in the State in the control of one superintendent, the salary of one of them, with the expense of clerks and other employés, office rent, &c., may be saved, while a uniform system of management, under one controlling head, would be calculated to lessen the expenses of the general administration throughout the State.

No treaties have been made with any of the tribes in California. The government has assigned to them reservations, and made appropriations to aid in their support. It is expedient, in my judgment, to continue this policy.

The superintendent of the northern district reports to the commissioner that there is no one available location in that district of sufficient extent to afford a home to all the Indians. He recommends the sale of the present reservations and the purchase of two others. No report has been received from the superintendent of the southern district in relation to the subjects referred to in the act of Congress. I do not entertain a doubt that a system for the government and support of the Indians in California may be adopted, which will diminish the present expenses, while the Indians will be greatly benefitted. The length of time required for the transmission of the mails has made it impossible to obtain such information as is necessary to present the necessary details at the present time.

The object can, in my judgment, be best accomplished by the appointment of a board of commissioners, to consist of three persons, who shall make a personal examination of the country, and select suitable locations for the residence of the Indians, and have authority to purchase such claims or individual rights as may interfere with their occupation.

Considerable difficulty has been created in Colorado and Washington with the tribes in those Territories by the great increase of immigration, attracted by newly discovered gold mines. The Indians claim that the land belongs to them, while the miners, in search of new veins, are disposed to pay but little respect to their claims. A sufficient extent of country should be assigned to the Indians, and they should be protected in its enjoyment.

I am fully convinced that many serious difficulties grow out of the practice of permitting traders to sell goods and other property to the Indians on credit. The profits which are made by the traders might be saved for the Indians. It seems to me expedient for Congress to provide by law for the purchase of such goods, agricultural implements, stock, and other articles as the Indians need, to be paid for from the sums provided by treaties to be paid to the Indians. These should be placed in charge of a storekeeper, under the control of the agent, and should be delivered to the Indians as their necessities may require, charging them only their cost and transportation. All contracts with them should be prohibited, and all promises or obligations made by them should be declared void. A radical change in the mode of treatment of the Indians should, in my judgment, be adopted. Instead of being treated as independent nations they should be regarded as wards of the government, entitled to its fostering care and protection. Suitable districts of country should be assigned to them for their homes, and the government should supply them, through its own agents, with such articles as they use, until they can be instructed to earn their subsistence by their labor.

PATENT OFFICE.

The business of this bureau has exhibited increased activity the past year. During the year from October 1, 1861, to September 30, 1862, there were received 5,302 applications for patents, of which 3,522 were granted. In the same time 811 caveats were filed, and 29 applications for extensions were received, of which 18 were granted. Seven hundred patents remain in the office awaiting the payment of the fee which is due on delivery. The law specifies no time within which patents must be taken from the office. This causes a large accumulation for an indefinite period. The law should be amended in such manner as to require the applicants to take the patents and pay the fees within a specified time; or, upon failure to do so, to forfeit their right to the patent, as well as the fees paid.

The balance in the treasury to the credit of the patent fund on the 1st of October, 1861, was $16,750 27. From that date until October 1, 1862, there were received in payment of patent fees $163,405 34; appropriated by Congress, $50,855 49. During the same period there was expended $182,853 89, leaving to the credit of the patent fund on the 1st of October, 1862, $48,157 21.

The large model rooms of the Patent Office have been for some time past occupied as a hospital for sick and wounded soldiers. They are admirably adapted to the purpose, being very commodious and

well ventilated. They contain at this time over 800 patients. The use of these rooms for hospital purposes has been the cause of much inconvenience to the Patent Office, and to every other bureau in the department. This inconvenience has, however, been cheerfully submitted to, in view of the benefits conferred upon the suffering soldiers.

The Commissioner has asked for an appropriation for putting up model cases in the north wing, and for additional improvements in the large hall in the south wing. These improvements are demanded by the increasing business of the office, and the application of the Commissioner is commended to the favorable consideration of Congress.

A balance of $5,720 04 has been found due to Henry S. Davis for the erection of model cases in the west wing.

The balance of appropriation made for that object, and which was sufficient to meet this demand, was carried to the surplus fund, and cannot, therefore, be now applied. An appropriation to meet the claim, which is justly due, is respectfully recommended.

PENSIONS.

The report of the Commissioner of Pensions presents in detail the operations of the Pension bureau during the past year.

The number of pensioners of every class in the loyal States on the 30th June, 1862, was 8,159, requiring the sum of $752,711 71 to pay their pensions. The amount actually paid the past year, including expenses of agencies and arrears of pensions, was $782,161 41.

It is ascertained, from the latest information, that there were 2,073 pensioners in the disloyal States, whose pensions amounted to $168,364 98. The entire amount of pensions paid in those States, in 1861, accounted for, was $8,223 35.

At the close of the last fiscal year there remained in the hands of pension agents in the disloyal States $23,627 56. Of this sum $15,535 29 have been properly accounted for at different points taken and held by the federal forces at which pension agencies were located.

An examination of the statistics furnished by the records of the Pension Office shows a decrease in the number of pensioners, since 1861, of 477. The aggregate payments in that year to pensioners was $1,072,461 55. For the present year the amount due to pensioners is $790,384 76, being $282,077 79 less than was paid the previous year.

The number of bounty-land warrants issued in 1861 was 5,341, granting 834,720 acres. For the present year but 1,636 warrants were issued, granting 257,860 acres, being a decrease of 3,705 warrants, and of 576,860 acres of land.

Since the adoption of the Constitution there have been granted for naval and military services 65,801,862 acres of the public domain, which, if estimated at $1 25 per acre, amounts to $82,257,327 50; and the aggregate amount of money expended by the government in the payment of army and navy pensions, since its organization, is ascertained to be $90,668,521 06.

The general pension act passed by Congress at its last session, and approved on the 14th July, 1862, has largely increased the business of the Pension Office, and will add materially to the expenditures on behalf of the pension list. The law embraces in its terms every branch of the military and naval service of the United States since the 4th March, 1861, and humanely provides for two classes of pensioners hitherto not recognized, viz: mothers and sisters, dependent for support upon officers or soldiers, and the pensions to disabled seamen, and to widows and minor children of persons in both the army and navy, are increased.

The Commissioner states that "these facts, in addition to the consideration of the great numbers now employed in the army and navy, have led to apprehensions, in some quarters, of an extravagant, if not insupportable, annual burden resulting from this law, in itself certainly no more liberal than simple justice demands towards the armed defenders of the country in this day of trial. From a careful examination of the data upon which estimates may be based, it is my conviction—always supposing the results of the war to be commensurate with what may reasonably be expected from the means employed—that the total annual sum required to carry out this law will in no year exceed $7,000,000."

The number of applications for army invalid pensions under this act was, to November 15, 4,411. The number of applications of widows (army) under this law to the same date was 5,161; of mothers, 901; of minor children, 20; and of sisters, 10.

In the navy branch there were filed previous to November 15, 163 applications for invalid pensions, 115 for widows, 20 for mothers, and 3 in behalf of minor children. Making the total number of applications growing out of the present war 10,804.

The eighth section of the pension act of July 14, 1862, made it the duty of the Commissioner of Pensions to designate physicians and surgeons to make biennial examinations of pensioners, as required by the act of March 3, 1859, and also to examine applicants for invalid pensions under the late act. In the performance of this duty the Commissioner has selected persons in the various States with reference to their professional skill and integrity of character. It is believed that the benefits designed by this provision of the law will be fully realized, and the greatly augmented labors imposed upon the Pension bureau will be performed with little difficulty if the zealous co-operation of these officers is obtained.

The act of July 14, 1862, authorizing the appointment of a special agent of the Pension Office to assist in the detection of frauds against the pension laws, omitted to make appropriation to defray the expenses incident to the service required by the law, and I have therefore submitted an estimate of the amount that will be necessary for that purpose.

The Commissioner alludes to "certain erroneous impressions which have prevailed in some quarters" of the existence of obstacles in the way of the ready transaction of business in the prosecution of just claims for pensions; and that officer clearly explains, for the informa-

tion of all parties, the forms prescribed for the convenience of applicants under the various pension laws, and shows that any one of ordinary intelligence can, by following the instructions of the bureau, secure the admission of his claim without difficulty.

Considerable difficulty has been experienced in prescribing a mode of authenticating pension claims, which shall be sufficiently liberal to claimants, and at the same time protect the government against frauds.

To require all applications to be authenticated before a court of record causes much trouble, and, in many cases, unreasonable expense to the applicants. If the authentication before any person authorized to administer oaths shall be admitted as sufficient, experience has demonstrated that the government is exposed to gross frauds. Large sums have been obtained from the treasury upon fraudulent certificates of justices of the peace and notaries.

To remedy these evils, it is recommended that the department be authorized to appoint pension commissioners, who shall be authorized to receive applications, administer the necessary oaths, and certify the papers to the Pension Office, under proper regulations. The commissioners should receive from the applicants reasonable fees for their services, and the pension certificates should be forwarded to them to be delivered to the pensioners. A commissioner may be appointed in each county where it is probable any applicants for pensions reside.

The adoption of a system like this would protect applicants for pensions from the unjust charges which, in many cases, are now made by agents and attorneys.

The attention of Congress is invited to the accompanying able report of the Commissioner of Pensions.

THE EIGHTH CENSUS.

In my last annual report I stated that the taking of the census had been completed, and that the returns were being tabulated as fast as circumstances would admit. Since that period I communicated to Congress, at the last session, a report of the Superintendent, which embraced a narrative account of the progress and condition of our population, agriculture, manufactures, internal improvements, banking institutions, &c., &c., illustrative of the tabular statements which accompanied the report, and of others not ready for publication.

In pursuance of resolutions of the two houses of Congress, respectively, this report has been printed, and appears to have been favorably received. The work in its now detailed form is being prepared with all the rapidity consistent with correctness, and it will devolve upon Congress to direct its publication in such manner as to insure its greatest utility. Much of the work is now ready for the press, and no pains will be spared to have the whole completed at the earliest moment possible.

In the present condition of the country it is difficult to state what sum may be required to complete payments to the marshals and as-

sistants, or such of them as should be compensated, and to complete the work. There remains due and unpaid to marshals and assistants the sum of $223,980, being for the most part due officers in the insurrectionary States, and which was withheld on account of the known disloyalty of some, the uncertainty which existed respecting others, and the impossibility of obtaining the information necessary to enable the Superintendent to arrive at satisfactory conclusions.

The expenses of compiling the census have been increased by the demands which have been made by other departments for clerical assistance, and the calls for information by Congress and the departments, which have, at times, necessarily diverted many clerks on the census from their ordinary duties. While the law of February 22, 1862, makes this office, in a measure, subordinate to the War Department, for which it has performed much service, it has seen proper to assign a portion of its clerks, in moments of pressure, to other branches of government. For these reasons, and on account of the great increase of population and number of farms, enlarged area, multiplied manufactures, and augmentation of numerous other interests, all involving increased expenditure under the law, it will be necessary to make some additional appropriation to complete the compilation of the census, and I respectfully suggest the sum of $50,000 as requisite for that purpose, leaving it to Congress hereafter to provide for the claims of the census takers in the insurrectionary States.

On this service, at the present time, one hundred and ten persons are employed, including clerks, laborers, messengers, and watchmen.

The appropriations heretofore made to this service amount to		$1,627,000 00
Of which there has been paid to marshals and their assistants	$1,064,432 03	
For clerk hire and contingencies	422,934 20	
		1,487,366 23
Leaving unexpended on the 30th September		139,633 77

I have heretofore recommended the establishment of a bureau of statistics in connexion with this office, and the experience of each year confirms my opinion of the propriety of such a measure.

AFRICAN SLAVE TRADE.

Continued efforts have been made, with much success, during the past year to suppress the African slave trade. Several convictions have been obtained of prominent persons engaged in fitting out vessels for this traffic, and the lesson has been impressively taught that it cannot longer be prosecuted with impunity.

The recent treaty made with Great Britain for the suppression of the slave trade will do much to accomplish the object desired.

The unexpended balance of the appropriation for the suppression

of the slave trade made two years ago, will be sufficient to meet any ordinary expenditures during the next fiscal year, and no additional appropriation is recommended.

UNITED STATES COURTS.

The expenses of the United States courts during the fiscal year ending June 30, 1862, were $523,662 02, being $204,337 59 less than the expenses of the previous year.

The expenses of the several districts were as follows:

California, northern district	$13,610 08
California, southern district	1,381 66
Colorado Territory	19,418 09
Connecticut	3,721 70
Columbia, District of, (including expenses of Supreme Court,)	67,135 30
Delaware	404 62
Florida, southern district	1,616 65
Illinois, northern district	15,343 50
Illinois, southern district	21,563 21
Indiana	9,164 74
Iowa	10,471 09
Kansas	12,860 81
Kentucky	4,854 05
Maine	9,682 58
Maryland	26,901 67
Massachusetts	36,417 87
Michigan	18,256 16
Minnesota	6,200 47
Missouri, eastern district	18,684 06
Nebraska Territory	8,104 70
New Hampshire	1,975 78
New Jersey	5,125 11
New York, northern district	44,406 70
New York, southern district	66,238 47
Ohio, northern district	8,949 30
Ohio, southern district	15,912 56
Pennsylvania, eastern district	20,194 46
Pennsylvania, western district	16,019 94
Rhode Island	8,871 71
Vermont	1,298 31
Virginia, western district	21,991 43
Washington Territory	733 11
Wisconsin	6,016 13
Making a total of	523,662 02

The principal cause of the decrease of expenses is the suspension of the courts in the insurrectionary States.

It has been the practice heretofore in many of the districts to sum-

mon a much larger number of jurors than was necessary to transact the business. Congress has provided the mode of selecting jurors, but has placed no limit upon the number.

In order to lessen the unnecessary expenses thus created, an order was issued by this department, directing the marshals to limit their estimates for jurors to eighteen grand and twenty-four petit jurors, which are believed to be sufficient for the transaction of the ordinary business of the courts.

The marshals in most of the districts have readily conformed to this order, and a large saving of expense has been the result. In a few of the districts the courts have denied the power of the department to limit the number of jurors, and have instructed the marshals to summon a larger number than the regulation contemplates.

There is a constant tendency to increase the expenses of the courts, which can only be checked by vigilance on the part of those upon whom the law has devolved the duty of auditing the accounts. An unlimited power to summon jurors is subject to abuse, and should not be allowed to exist. To remedy the evil, it is recommended that Congress shall limit the number to be summoned to attend any term of the court to eighteen grand and twenty-four petit jurors, unless the Secretary of the Interior shall, upon the application of the district attorney, for special reasons, authorize a larger number.

A saving in the expense of keeping prisoners convicted of a violation of the laws of the United States may be made by conferring upon the Secretary of the Interior the power to designate the prisons in which they shall be confined. Under the existing law the court is required to sentence prisoners to confinement in the State penitentiary of the district in which the conviction occurs. No limitation is placed upon the prices to be paid for subsistence, and the government is compelled to pay whatever the officers of the prison may see proper to charge. In many of the States there are prisons controlled by cities or counties in every respect equal to the State penitentiaries, and in which the prisoners are profitably employed in mechanical labor. If the power should be given to the Secretary of the Interior to contract for the keeping of United States prisoners in any suitable prison in the State, competition would be excited, and a large reduction would be made of the present rates of subsistence.

A large expense for keeping prisoners is created in the Territories from the want of suitable prisons. Guards are employed to prevent their escape, and frequently as much as four dollars a day is paid for guarding a single prisoner during the whole term of his imprisonment. This expense may be obviated by authorizing the Secretary of the Interior to direct that United States prisoners convicted in a Territory in which there is no suitable prison be sent for confinement to a penitentiary in one of the nearest States.

During the last session of Congress there was considerable discussion upon the propriety of changing the law fixing the compensation of district attorneys. As the question was not finally disposed of, I have deemed it proper to present a statement of the compensation received from the government by those officers during the fiscal year

ending June 30, 1862, as far as the same can be shown by the record of the settlement of their accounts:

California, northern district, the compensation of the district attorney for the last half of 1861 was	$1,870 00
No settlement has been made for the first half of 1862, but, supposing his fees to be equal to the preceding six months, his compensation for the year was	3,740 00
California, southern district, returned only from February 4, 1862, at $1,050; whole amount estimated	2,500 00
Colorado	2,403 13
Connecticut	836 58
Columbia, District of, first half of 1862, $2,275; last half estimated at same, making	4,550 00
Dakota Territory	569 49
Delaware, last half of 1861, $130; estimated at same for first half of 1862	260 00
Florida, northern district	1,111 10
Illinois, northern district	2,055 00
Illinois, southern district	2,320 85
Indiana	1,934 00
Iowa	1,188 00
Kansas	1,807 33
Kentucky	589 80
Maine	2,673 00
Maryland	3,791 12
Massachusetts	4,740 40
Michigan	2,549 65
Minnesota	1,413 40
Missouri, eastern district, for last half of 1861, $1,049 96; estimate same for first half of 1862	2,099 92
Missouri, western district	171 44
Nebraska Territory	760 00
Nevada Territory, last half of 1861, $578; estimate same for first half of 1862	1,156 00
New Hampshire	444 51
New Jersey	929 20
New York, northern district, whole amount of fees, $8,966 68, from which are paid assistants and office expenses, leaving	6,000 00
New York, southern district, gross fees, $18,407 33. The attorney's salary is fixed by law at	6,000 00
Ohio, northern district	1,877 69
Ohio, southern district	2,320 91
Pennsylvania, eastern district, last half of 1861, $1,761 26; estimate same for first half of 1862, making	3,523 52
Pennsylvania, western district	1,776 23
Rhode Island	879 00
Vermont	183 40
Virginia, western district	1,807 64
Washington Territory	2,043 00
Wisconsin	882 50

The fee bill of 1853 allows to district attorneys in criminal suits tried by a jury a counsel fee not exceeding $30 where conviction is had. No provision is made for the allowance of a similar fee in civil cases, and it is recommended that the law be so amended as to authorize such allowance to be made upon a certificate of the judge before whom the cause is tried. Civil cases frequently consume several days in the trials, and no compensation is allowed to the district attorney under existing laws except a docket fee of $20.

PUBLIC BUILDINGS.

The report of the Commissioner of Public Buildings exhibits, in detail, the condition of the buildings and grounds under his charge.

The large number of sick and wounded soldiers demanding attention at this point rendered it necessary, in the judgment of the Surgeon General, to occupy the Capitol as a hospital during a portion of the time since the adjournment of Congress, and it was taken possession of for that purpose by order of the War Department.

More than the ordinary expenditures for cleaning and repairs have been rendered necessary by this occupation of the building.

The outside painting of the old Capitol, authorized by Congress at its last session, has been completed, and has greatly improved its appearance. The army bakery which had been erected in the basement has been removed.

Any appropriation of the Capitol to military uses must necessarily cause injury to the building and defacement of the expensive decorations by which it is ornamented. I respectfully suggest that Congress should provide by law against its future occupation for any other than the purposes for which it was erected.

The Long Bridge over the Potomac river has been used as a railroad bridge during the past year, and has been kept in repair by the War Department at a very great expense. The structure is too weak to sustain the weight of heavy trains, and has several times given way under their pressure. The ordinary travel over the bridge has been entirely suspended by a recent order of the War Department, to the great inconvenience of the community.

To obviate these difficulties, the Alexandria, Washington, and Georgetown Railroad Company propose to construct a new bridge by the side of, and connected with, the present structure, to be occupied exclusively by the railroad track. The construction of such an additional bridge, while it would increase the capacity of the road to facilitate the transportation required by the government, would greatly promote the convenience of the public by leaving the old bridge open for ordinary travel.

It is desirable that Congress shall, as early as possible, authorize the company to construct the additional bridge proposed.

The road from the Navy Yard Bridge to the Insane Asylum needs additional repairs. The extensive injury to this road, caused by government transportation, has rendered necessary a larger expenditure than that authorized by Congress for the repair of this and another road leading from the bridge.

A new jail and penitentiary are much needed. These may be constructed together at much less cost than would be required to construct them separately.

The northern portion of the Patent Office building remains unfinished. The estimated cost of completing it is $60,000, and an appropriation for that purpose is recommended. This would complete the construction of the building.

CAPITOL EXTENSION AND THE NEW DOME.

By a joint resolution of Congress, approved April 16, 1862, this department was charged with the supervision of the Capitol extension and the erection of the new dome. The prosecution of these works had been suspended since the 15th of May, 1861. The joint resolution provided that no money theretofore appropriated should be expended on the Capitol, except so much as was necessary to protect the building from injury by the elements and to complete the dome.

To carry out the intention of Congress, it was deemed advisable to prosecute the work on the two eastern entrances of the Capitol extension, for the purpose of affording, at as early a day as possible, permanent protection to the eastern front, and the extensive foundations that had been laid for the steps and cheek blocks; to complete the porticoes of the connecting corridors, so that the roofing might be speedily finished, and thus remove a prolific source of deterioration to the building; to afford such temporary protection to the upper surfaces of the exposed walls of the building as might be found to be expedient, in view of the length of time that would necessarily elapse before the work could be completed, and to finish the granite steps of the basement.

The work has been steadily prosecuted in accordance with this plan. The porticoes of the two eastern corridors have been finished, and it is expected that those on the western front will be completed and the roof laid over them before the close of the season. The massive entrances to the eastern porticoes are more than half completed; the steps of the western arcades are finished, and the temporary protection to the exposed walls of the building, recommended by the architect, has been afforded.

The amount of available appropriation, when the work was resumed under the supervision of this department, was $356,107 24. Of this there has been expended, up to October 31, 1862, $99,099 09, leaving an unexpended balance of $257,008 15. This sum will be sufficient to continue the work until the close of the present fiscal year. An appropriation of $500,000 will be necessary for the next fiscal year.

The aggregate amount of all the appropriations made for the Capitol extension is $6,283,621 74. It is estimated by the architect that additional appropriations, to the amount of $600,000, will be required to complete the work. This will make the entire cost of the Capitol extension, when completed, $6,883,621 74.

NEW DOME.

The work on the new iron dome has progressed with great rapidity. The principal frame of the structure is now completed; the ribs of the cupola have been put in place, and the workmen are engaged in setting the plates which constitute the outer covering, all of which will be finished before the close of the year. This will leave nothing to be done to complete the exterior but the construction of the tholus, or lantern, upon the top of which is to be placed the statue of Freedom, which is intended as the crowning feature of the dome, and the placing of the ornaments on the upper windows and around the spring of the cupola.

The present height of the iron work above the basement floor of the Capitol is 215 feet, and the height of the portion yet to be constructed, including the crowning statue, is 71 feet 3 inches, making the entire elevation, when completed, 286 feet 3 inches.

The original estimate of the cost of the dome was $945,000. The whole amount appropriated by Congress, up to the present time, is $700,000. The expenditures, from the commencement of the work to the suspension, in May, 1861, were $561,140 79, and since the resumption of the work, under the supervision of this department, to October 31, 1862, $56,867 49, making an aggregate of $618,008 28, leaving a balance of appropriation, at that date, of $81,991 72.

It is estimated that an additional appropriation of $200,000 will be necessary for the completion of the work. This will make the aggregate cost $900,000, being $45,000 less than the original estimate.

POTOMAC WATER WORKS.

On the 15th of July last the supervision of this work was transferred from the War Department to this department, under the authority of a joint resolution of Congress. The work was suspended in the spring of 1861, and was not resumed until after its transfer to this department. Since that time the work has been in progress, and it is estimated that it may be completed by the 1st of July, 1863.

The supply of water, at present, is obtained from Rock creek, and is found to be entirely inadequate to the demands of the public buildings and the wants of the citizens. During the extreme dry weather of the present fall it has been necessary to observe the strictest economy in the use of the water, and to suspend the high service supply of Georgetown. A full supply of water cannot be obtained until the connexion with the Potomac river shall be completed. When this shall be effected an abundant supply of pure and wholesome water will be furnished, sufficient to meet all the demands of the public buildings and the citizens of Washington and Georgetown, with any amount of population those cities are likely to acquire.

The aggregate amount of appropriations heretofore made for the work is $2,900,000. There had been expended, previous to the transfer of the work to this department, $2,675,832 53, leaving a

balance of $224,167 47. Of this sum there was expended, under the direction of this department, prior to October 1, 1862, $9,215 80. The balance then remaining on hand of $214,951 67 is estimated to be sufficient to complete the work, so far as to procure a full supply of water from the Potomac, sufficient to meet every requisition.

It is proposed by the engineer in charge of the work to construct a dam from the Maryland shore to Conn's island, in the middle of the river, omitting for the present the construction of that part of the dam embraced in the plan of General Meigs, which was designed to connect the island with the Virginia bank of the river. The dam on the Maryland side of the island, it is believed, will supply the conduit with sufficient water to meet the largest demands of the community for many years.

Should an additional supply be hereafter required it can be obtained by the construction of the dam on the other side of the island, according to the original plan. All the work, which will be done under the direction of W. R. Hutton, esq., the present engineer, will be in accordance with the plans of General Meigs, which have received the sanction of Congress.

An appropriation of $10,000 will be required for superintendence and repairs of the aqueduct during the fiscal year ending June 30, 1864.

THE PUBLIC PRINTING.

The public printing during the last year has been much greater than during any preceding year. This increase has been occasioned not only by the unusual quantity ordered by Congress at the last session, but by the immense number of blanks required by the War and Navy Departments, and by the new bureau of Internal Revenue.

The government printing office has been managed with the utmost regard to economy practicable; and the cost of the printing to the government has been the pay of the workmen employed and the cost of the materials used, thus saving the large profits heretofore made by the public printer under the former system of doing the public work.

The report of the Superintendent of Public Printing, giving in detail the amount of printing done, will show that the interest of the government has been greatly promoted by the adoption of the present mode of executing it.

WASHINGTON AND GEORGETOWN RAILROAD.

This important work has been completed in a substantial manner, and is now in successful operation. The several branches of the road were completed and put in operation within the periods designated by Congress. The advantages anticipated from the construction of the road have been fully realized, and the large number of passengers with which the cars are daily thronged furnish ample evidence of their appreciation by the community. The railroad

company is required to keep in repair eighteen feet of Pennsylvania avenue. The remainder of the street, relieved of the heavy omnibuses, when put in good order, can be kept in repair for much less than the amount heretofore expended for that purpose.

HOSPITAL FOR THE INSANE.

The duties devolved upon this institution have been discharged during the past year with great fidelity and success.

On the 30th of June, 1861, there were under treatment 180 patients—108 males and 72 females. During the year ending June 30, 1862, there have been admitted : from the army, 139 ; from the navy, 15 ; from civil life, 18 males and 12 females, and from the soldiers' home, 1—making a total of 185.

The number of patients discharged during the year was : recovered, 95 males and 8 females ; improved, 15 males and 1 female ; died, 24 males and 10 females—making a total of 153.

There remained in the institution June 30, 1862 : from the army, 75 ; from the navy, 15 ; from civil life, 56 males and 65 females, and one from the soldiers' home—making a total of 212.

During the past year important improvements have been made for the introduction of water to the building, which have cost about $3,000. The superintendent has completed these improvements from the ordinary funds, without asking any special appropriation.

The constantly increasing number of patients in this institution will require increased appropriations for their support. The benefits conferred upon that unfortunate class of the community who have such strong claims upon the sympathy and benevolence of the country, as well as the excellent management of the institution, should commend it to the favorable consideration of Congress.

For more specific information reference is made to the accompanying report of Dr. Nichols, the superintendent.

COLUMBIA INSTITUTION FOR THE DEAF AND DUMB AND THE BLIND.

The number of pupils in this institution on the 1st of July, 1861, was thirty-five. During the last fiscal year six were received and three withdrew, leaving, on the 1st of July, 1862, thirty-eight.

The new building, for which an appropriation was made by Congress at its last session, is now rapidly approaching completion. The directors request an appropriation to furnish the building with gas and heating apparatus. Estimates for these improvements will be found in the accompanying reports. They are much needed, and are commended to the favorable consideration of Congress.

Some additional facilities are desired by the directors for the instruction of the pupils in the mechanical arts, and also an appropriation for the extension of the grounds connected with the institution. The propriety of making the appropriations requested must be determined by Congress.

METROPOLITAN POLICE.

The police force consists of 1 superintendent, 10 sergeants, and 150 patrolmen; 121 are on duty in the City of Washington, 19 in Georgetown, and 20 in the county of Washington; 139 are on foot, and 21 are mounted.

The population of the District of Columbia, as shown by the census of 1860, is 75,080. The large number of transient residents in the district during the past year has swelled the population, during that period, to near, if not quite, 100,000.

The present police force is inadequate to the complete protection of so large a population, especially at a time when so many causes exist tending to breaches of the peace and violation of law. The police board of commissioners recommend an increase of the number to 300. For the reasons in detail upon which this recommendation is based reference is made to the report of the board accompanying this report.

The board of police earnestly recommend an increase of salaries. The present compensation is, for the sergeants, $600, and for the patrolmen, $480 per annum. This is below the rate of compensation paid other officers of the government whose duties are less laborious and responsible than those of the police.

The police of the Capitol receive $1,100, messengers in the several departments, $840, assistant messengers, $700, and the watchmen and laborers of the department, $600 per annum.

The propriety of increasing the compensation, as recommended by the board, must be submitted to the judgment of Congress.

An act of the last session of Congress authorized the police board to designate magistrates in the several wards, before whom offenders should be taken for examination and trial. No provision was made for the payment of the magistrates thus designated; and, as the fees which they may be able to collect do not constitute an adequate compensation for the duties imposed, they decline their performance, and thus the object of the law has wholly failed.

The present mode of trying criminals for petty offences is very defective, and is attended with great expense. In most of the cases the magistrates have no final jurisdiction, and can only commit the offenders for trial by the criminal court. If the defendants are unable to procure bail they are committed to jail, and subsisted at the expense of the government until their cases can be finally decided. A grand jury, as well as a petit jury, must then pass upon them, involving great expense and delay in disposing of trivial cases, which should be determined in a summary manner.

These evils might be removed and the expense of the administration of the criminal laws greatly diminished by the creation of a police court for the District of Columbia, consisting of a single judge, and having final jurisdiction of all offences of a less grade than felony. The court should be kept open every day except Sundays, and such other days as are not devoted to public business. Courts of this character

have been found necessary in all the large cities of the States, and might be introduced here with great benefit to the peace of the District and economy to the government.

The subject is recommended to the attention of Congress.

PENITENTIARY.

Since the adjournment of Congress the accumulation of arms and ammunition at the arsenal in this city rendered additional buildings indispensable for their preservation. Upon the recommendation of the Secretary of War, an order was made by the President, on the 19th day of September last, to remove the prisoners and surrender the penitentiary buildings to the War Department, to be used as an arsenal. In compliance with this order I made arrangements with Amos Pilsbury, esq., superintendent of a penitentiary at Albany, in the State of New York, to receive the prisoners and subsist them until the expiration of their several terms of service, or until Congress shall make some provision for their confinement elsewhere.

In accordance with this arrangement the prisoners were carried in a transport vessel furnished by the War Department directly from Washington to Albany, and were safely delivered into the custody of the warden.

Since the prisoners were sent to Albany Dr. John B. Blake, one of the inspectors of the penitentiary of the District of Columbia, by my request visited Albany for the purpose of making a personal examination of the prison and the condition of the prisoners. He reported that the prison was well adapted to the purpose for which it was constructed, and was admirably conducted. He says: "The most striking feature of the establishment is the entire cleanliness of every department, and of the convicts themselves. On entering the workshops the impression is produced that they are neat manufacturing establishments filled with industrious artisans who are working for wages, instead of from compulsion and as a punishment."

"Strict attention is paid to the sanitary, moral, and religious condition of the prisoners. Sickness is of very rare occurrence; but when a convict complains of being indisposed; he is immediately removed to a comfortable hospital in the building, where he receives the attention of a skilful physician."

The convicts are all employed in the business of shoemaking. The number of convicts sent to Albany was 131. The cost of their subsistence there will be $1 25 each, per week. The expense of supporting them at Albany will be less than the cost of sustaining the penitentiary in the District.

The number of convicts in the penitentiary on the 1st of October, 1861, was 158. Between that period and the 1st of October, 1862 there were received 174, of which 102 were soldiers who were convicted of various military offences by courts-martial. These were pardoned by the President, under the provisions of an act of Congress passed at the last session. The whole number of prisoners disposed of during the last year was 201, of which 71 were discharged

by expiration of sentence, 128 were pardoned by the President, 1 escaped, and 1 was transferred to the Insane Asylum, leaving 131 on the 1st of October, 1862, which was the number transferred to the prison at Albany.

It is recommended that a law shall be passed by Congress sanctioning the transfer of the prisoners, and authorizing the confinement in the penitentiary at Albany, or in some other prison out of the District, all persons who may be convicted in the District, until a suitable prison shall be erected.

The appropriations for the support of the penitentiary of the District for the present fiscal year amount to $30,123 75. An appropriation of $20,000 is recommended for the next year for the support of the prisoners transferred to Albany, and for the removal and support of such as may be hereafter convicted. A small sum of money, not less than $10, should be given to each prisoner when he leaves the prison, to enable him to reach the place to which he may desire to go. The appropriation asked for will be sufficient to meet this expenditure, and to support at least 175 convicts at Albany, including the cost of their transportation.

It is gratifying to observe the evidences of increasing prosperity which are visible in the District of Columbia. It should be the policy of Congress to give encouragement to the enterprise which produces this prosperity, and, by liberal legislation, to advance the growth and improvement of the capital of the nation.

I have the honor to be, very respectfully, your obedient servant,

CALEB B. SMITH,
Secretary.

The PRESIDENT.

REPORT

OF

THE SECRETARY OF THE NAVY.

NAVY DEPARTMENT, *December* 1, 1862.

SIR: It is due to the naval service that in this report I should, first of all, recount to you, and through you to Congress and the country, the operations and achievements of our naval forces during the eventful year which has elapsed since my last annual communication. Since the commencement of our national difficulties, four powerful squadrons have been collected, organized, and stationed for duty on our maritime frontier with a rapidity and suddenness which finds no approach to a parallel in previous naval history and which it is believed no other country but our own could have achieved. These squadrons have been incessantly maintaining a strict blockade of such gigantic proportions that eminent foreign statesmen in the highest scenes of legislation did not hesitate, at its commencement, publicly to denounce it as "a material impossibility;" and yet after this most imposing naval undertaking had been for a period of eighteen months in operation, and after its reach had been effectively extended along the entire sweep of our Atlantic and Gulf coasts, from the outlet of the Chesapeake to the mouth of the Rio Grande, the same eminent authorities, with a list in their hands of all the vessels which had evaded or escaped the vigilance of our blockading forces, could not refuse in their official statements to admit with reluctant candor that the proof of the efficiency of the blockade was conspicuous and wholly conclusive, and that in no previous war had the ports of an enemy's country been so effectually closed by a naval force. But even such testimony was not needed. The proof of the fact abounds in the current price of our southern staples in the great commercial marts of the world, and more especially in the whole industrial and commercial condition of the insurgent region. It should not be forgotten that no circumstance is wanting to attest the magnitude of this greatest of all naval triumphs. The industrial necessities and the commercial cupidity of all the principal maritime nations, armed and empowered as they are by the resources of modern invention, are kept at bay. A multitude of island harbors under foreign jurisdiction, looking nearly upon our shores and affording the most convenient lurking places from which illicit commerce may leap forth to its prohibited destina-

tion and purpose, are so closely watched as to render the peril of all such ventures far greater than even their enormous gains when successful. And finally, a vast line of sea-coast nearly three thousand miles in extent, much of it with a double shore and almost honeycombed with inlets and harbors, has been so beleaguered and locked up that the whole immense foreign commerce, which was the very life of the industry and opulence of the vast region which it borders, has practically ceased to exist.

DISTRIBUTION OF THE FORCE.

Some changes in the command of the squadrons and flotillas have taken place, and new organizations have been made during the year.

The North Atlantic squadron, guarding the Virginia and North Carolina coasts, continued in charge of Rear Admiral Goldsborough until the 5th of September, when he was relieved on his own request by Acting Rear Admiral S. P. Lee, who has since had that command.

In the South Atlantic squadron, which blockades the harbors and coasts of South Carolina, Georgia, and the eastern portion of the Florida peninsula, no change has taken place. Rear Admiral Du Pont, assigned to that squadron when it was first made a distinct organization, still remains in active and useful service on that highly interesting station.

The necessity of a division of the Gulf squadron having been stated to be necessary in my last annual report, was consummated on the 21st of February. Flag-Officer McKean retaining command of the eastern Gulf squadron, the limits of which comprised the southern and western portions of the Florida peninsula, commencing at Cape Canaveral on the eastern coast, and extending to Pensacola. On the 4th of June he was, on his own application, in consequence of impaired health, relieved by Acting Rear Admiral Lardner. This officer's health also giving way, he was compelled to ask to be relieved, and Commodore Theodorus Bailey has been appointed his successor.

The western Gulf squadron guarded a coast which, commencing at and including Pensacola, extended westward to the Rio Grande, and was, from a variety of causes, one of the most important and responsible commands ever intrusted to a naval officer. From the harbors and rivers subject to that blockade there are exported in peaceful times vast amounts of cotton, sugar, and other products. Within those limits are the ocean outlets of the great central valley of the Union; and in selecting the officer who should be put in command of the squadron, regard was had to an expedition for which the department had made extensive preparation, and in which the whole government had participated, for the capture of New Orleans and reopening the navigation of the Mississippi. After scrutiny and deliberate consideration this responsible position was intrusted to Captain D. G. Farragut, in the confident belief that his courage and energy were equal to the exigency.

Besides these large squadrons on our maritime frontier, it became a necessity at an early period of the insurrection to have an organized

naval force on the Mississippi and its tributaries. On the 16th of May, 1861, Commander John Rodgers was directed to report to the War Department, which in the preliminary stages assumed the chief expense, for the purpose of initiating an armed flotilla on the western waters, and immediately entered upon his duties. Proceeding to the west, he purchased steamers which, under his supervision, were fitted, armed, and armored as gunboats, and thus was commenced the organization of the Mississippi flotilla, which a few months later made itself felt in a succession of achievements that electrified the country. But before Commander Rodgers had an opportunity of completing his arrangements and taking his vessels into action, Captain A. H. Foote was appointed to the command of the flotilla. The labors commenced by Commander Rodgers swelled into gigantic proportions under Flag-Officer Foote, whose energies and talents were exerted in creating and preparing that navy on the western waters which he soon made so serviceable to the country. Painfully wounded at Fort Donelson, he was relieved on the 9th of May by Captain Charles H. Davis, who was soon after appointed chief of the Bureau of Navigation, and in October relinquished the command. By order of Congress the gunboat fleet was transferred to the navy, and now constitutes an important squadron, under the command of Acting Rear Admiral D. D. Porter, who entered upon his duties on the 15th of October.

The active operations of the Potomac flotilla ceased, in a great measure, after the erection of the extensive rebel batteries on the Virginia shore, in the autumn of 1861. For several months the commerce on this important avenue to the national capital was almost entirely suspended, though at no time was the passage of our armed naval vessels prevented. In March the batteries were abandoned by the insurgents, and the troops which garrisoned them were withdrawn. The advance of our army towards Richmond made the duty on the Potomac comparatively light during the spring and summer. At present the flotilla is under the command of Commodore Harwood, and is rendering good service by checking illicit traffic and capturing many prisoners and no small amount of property.

The transfer of the army to the York peninsula, and its detention before Richmond, compelled the Navy Department to divert some of its gunboats and vessels destined for other service to the waters of James and York rivers. After the battle of Malvern Hill and the concentration of the army on James river, such was the condition of affairs that it became necessary to organize the vessels which had been retained to co-operate with and protect the army into a distinct organization. Captain Charles Wilkes was detailed for that duty on the 6th of July, and entered upon the work with energy; but the withdrawal of the army from the peninsula in August released the vessels which had been diverted from their original destination, and rendered it unnecessary to continue an independent organization in James river. The flotilla was therefore disbanded on the 31st of August.

The persistent and systematic attempts to violate our blockade, and furnish assistance to the insurgents in defiance of our laws, made it

necessary that specific and effective measures should be adopted to prevent those lawless proceedings. This purpose had been interrupted, and the proceedings to effect it delayed, in consequence of the detention of the army before Richmond during the spring and summer, our vessels being indispensable auxiliaries while the army lingered on the upper waters of James river. Immediately on being liberated, a flying squadron was organized with a view of sweeping from our coast and the neighboring waters the lawless contrabandists who made it a business to violate our blockade and promote the efforts of those who are engaged in schemes to break up our Union and subvert the government. The command of this flying squadron has been given to Acting Rear Admiral Wilkes, who sailed from Hampton roads in the Wachusett on the 24th of September.

NAVAL EXPEDITIONS.

This exhibition of the distribution and attitude of our naval force naturally introduces a succinct history of that remarkable series of naval expeditions and operations along our southern seaboard and through the great rivers of the central valley in which the power and valor of our navy have been so strikingly displayed. These expeditions, it must be remembered, were undertaken in addition to, or rather in aid of, the unrelaxing labors of the blockade. They were conceived and directed in the policy early adopted and uniformly adhered to by this department, of the most active and strenuous prosecution of the war so long as the war should last, and whenever and wherever an effectual blow could be struck against the power or resources of the rebellion by the naval force. In this view this department has constantly sought the co-operation of the army when such co-operation was indispensable to success, and when such co-operation was not indispensable the navy alone has acted. The result is that the Mississippi, the main artery of the great central valley of the Union, with its principal tributaries embracing many thousand miles of inland navigation which had been interrupted, is under our control, except at Vicksburg, where the rebels still retain possession, but from which, with a co-operating military force, they can at any time be expelled. Each one of our blockading squadrons has secured and holds a considerable portion of the coast within their respective limits, and in each there is a commodious and open port for rendezvous, refitment, and supply, where imports and exports may be made under the authority of a collector duly appointed by the national government. Nearly the entire seaboard of the insurgent region, in its main points of commercial or strategic importance—from Norfolk and the outlet of the Chesapeake through Roanoke, Newbern, and Beaufort, N. C., Port Royal, Tybee, Fernandina, Key West, Pensacola to New Orleans and Galveston—is practically in our hands, held fast and irrecoverably under the guns of our navy, or else garrisoned and governed by our military force. But a short time can elapse before the few remaining ports which are still in the possession of the insurgents will be reduced to our naval or military occupation and authority.

When the insurrection is thus excluded from the coast there may be presented for decision, and its near approximation makes allusion to it justifiable, the grave and important question whether, in so far as relates to all such ports and places on the insurgent sea-coast thus actually held and controlled by the national government in time of war for war purposes, and by the power of war, it be not our right and duty to dismiss the costly apparatus and embarrassing formalities and rules of an international blockade and to substitute in place of it, within all the ports and places held and occupied by our forces, our own domestic authority to control all trade therein, as we control everything else there, and thus to subject at such points all commerce, coastwise and foreign, of export or import, to such conditions and restrictions and regulations, either of admission or exclusion as a wise war policy may prescribe, and a present war power, afloat in the harbor, or on shore in a military custom-house may enforce. Such has been the practice of nations in times of rebellion. Such was our practice in the Mexican ports which we held during the war with that country. Should such a policy be adopted, among other important advantages resulting from it, would be the release of our fleets from much of their present harassing and exhausting blockade duty, and the immediate concentration of their activity in the protection of our commerce on the high seas by the pursuit in augmented force, and probably the speedy capture and punishment, of the marauders who now avail themselves of the incessant occupation of the mass of our naval force in other scenes of action, for the temporary prosecution of their piratical designs.

NORTH ATLANTIC SQUADRON—ROANOKE ISLAND.

At the commencement of the blockade constant annoyance was experienced from various sources by means of vessels of light draught, which made ingress or egress through the sounds and inner waters on the coast of North Carolina. To gain possession of the important points within the sounds was therefore necessary.

Early in January a joint expedition of the navy and army for operations in the waters of North Carolina moved from Hampton roads, under the command of Flag-Officer L. M. Goldsborough and Brigadier General A. E. Burnside respectively.

The naval force, consisting of seventeen light draught vessels with an armament of forty-eight guns, most of them of heavy calibre, arrived at Hatteras inlet on the 13th of January, and in two days succeeded, though with labor and difficulty, in passing over the bulkhead and through the narrow, shallow, and tortuous channel; but the army transports were unable to surmount the obstacles and be fully prepared for active co-operation until some weeks later. On the morning of the 5th of February the combined expedition proceeded towards Roanoke island; the naval vessels, placed by Flag-Officer Goldsborough under the immediate command of Commander Stephen C. Rowan, were formed in three separate columns, commanded, respectively, by Lieutenants Reed Werden, Alexander Mur-

ray, and H. K. Davenport. On the morning of the 7th the vessels of the insurgents, eight in number, were discovered drawn up behind an extensive barricade, formed by a double row of piles and sunken vessels, stretching across the sound. At 10.30 the engagement commenced, and by noon became general. By 4 p. m. the batteries were temporarily silenced and the first landing of troops effected. At midnight over 10,000 troops had disembarked.

The engagement was renewed the following morning and carried on chiefly by the army until 1 p. m., when the fleet proceeded to open a passage through the obstructions, which was successfully accomplished by 5 p. m., and the national flag was hoisted on Pork Point. Firing other of their works and one of their steamers were the closing events of the day, the rebels yielding the island to our possession.

Retreating from Roanoke island, the rebel naval fleet fled up the sound and into Pasquotank river, towards Elizabeth City, Commander Rowan pursuing them with the flotilla, anchoring for the night a few miles from Fort Cobb. At 8 a. m., February 10, the rebel steamers, under command of W. F. Lynch, formerly of the navy, were discovered drawn up behind a battery of four guns, supported by a schooner on the opposite side of the river, armed with two heavy 32-pounders. Fire was opened by the insurgents from the forts and steamers at long range. Commander Rowan pushed on steadily until within three-fourths of a mile, when he opened fire and dashed ahead at full speed. This bold and wholly unanticipated onset dismayed the rebels, who hastily abandoned their works, which, with their entire fleet, were captured or destroyed.

Passing up the river the flotilla took possession of Elizabeth City. Lieutenant Murray was despatched with a small force to Edenton, of which he quietly took possession, and on returning from this duty he was sent to obstruct the Chesapeake and Albermarle canal.

In this expedition there were five armed steamers and one schooner destroyed, and one steamer, the Ellis, captured.

CAPTURE OF NEWBERN AND WASHINGTON, N. C., AND CAPITULATION OF FORT MACON.

Flag-Officer Goldsborough having been recalled to Hampton roads, a combined army and naval expedition, under General Burnside and Commander S. C. Rowan, left Hatteras inlet and arrived at Slocum's creek, the point selected for the disembarcation of the troops, on the 12th of March.

The next morning the landing of troops commenced, the gunboats shelling the woods at the point of landing as the troops advanced on shore. At the same time six naval boat howitzers with their crews, under command of Lieutenant R. S. McCook, were landed to assist in the attack on the enemy's works. About 4 p. m. the first of the enemy's batteries opened upon our boats and were answered at long range, the firing ceasing at sundown, and the fleet anchoring in a position to cover the troops. Early on the morning of the 14th, the army having engaged the enemy in force, Commander Rowan moved

steadily up the river with his fleet, and the insurgents abandoned their forts in succession under the pressure of the combined columns moving upon them. On arriving at Newbern, the rebels having fled, Commander Rowan took possession of the place, and later in the day the army were moved across the Trent and occupied the city.

The approach by the river to Newbern was heavily obstructed with piles and torpedoes, from which the vessels sustained some injury, and the passage was disputed by six forts, at distances of from half a mile to a mile and a half from each other, and mounting 32 guns, ranging from 32-pounders to 80-pound rifled cannon.

Lieutenant McCook is reported as having rendered most effective service with his naval battery, and Commander Rowan bears cheerful testimony to the gallant conduct of the officers and men of his entire command. Several steamers and schooners, large quantities of pitch and turpentine, and a valuable stock of arms and munitions of war fell into our hands with the capture of Newbern.

After the fall of Newbern Lieutenant Commanding A. Murray was despatched with a naval column, accompanied by a detachment from the army, to take possession of Washington, N. C. Forcing a passage through the obstructions in the approach to that place, he arrived there on the 21st of March, and it was surrendered to him without resistance.

The batteries on shore having, on the morning of the 25th of April, opened fire on Fort Macon, Commander Samuel Lockwood, senior officer of the blockading fleet off Beaufort, prepared his vessels for action and proceeded within range of the fort. Fire was opened from the steamers Daylight, the State of Georgia, and the Chippewa, and the bark Gemsbok, which was continued about an hour and a quarter, when they were compelled to haul off on account of the heavy sea. In the afternoon a flag of truce was displayed from the fort, which, on the next morning, surrendered to Major General Burnside. Commander Lockwood united in signing the articles of capitulation on the part of the United States.

AFFAIR AT WEST POINT.

The arrival of the army of the Potomac on the York peninsula rendered it necessary to detail several gunboats, chiefly from the North Atlantic squadron, within whose limits it is, to convoy the transports and protect the right flank of the army on its march along the York and Pamunkey rivers. While on this service, on the 7th of May, the enemy, in large force, attacked General Franklin's division, constituting the right wing of the army at West Point, the junction of the Pamunkey and Matapony. The assistance of the navy was requested by General Franklin, and Commander William Smith, senior officer of the naval forces in York river, ordered the gunboats Wachusett, Maratanza, and Sebago to the support of General Franklin. These vessels, taking a position as near the insurgents as possible, opened upon them with great effect. Their fire soon began to slacken, and they commenced their retreat. The aid rendered by our gunboats on this occasion was most essential, enabling General Franklin to hold his position and to repel the rebels.

On the 15th of May the Galena, Monitor, Aroostook, Port Royal, and Naugatuck, all under command of Commander John Rodgers, ascended James river, with no serious obstructions until near Ward's or Drury's Bluff, where piles and sunken vessels disputed their further passage, and a heavy battery exposed the vessels to a plunging fire. The Galena and Monitor ran within 600 yards of the bluff; but the latter was obliged to drop down several hundred yards, as her guns could not be sufficiently elevated for effective service. An action of three hours' duration took place, when, owing to a scarcity of ammunition, the vessels retired to City Point without silencing the battery. The Naugatuck was unfortunately disabled by the bursting of her rifle gun. The men on the vessels were exposed during the contest to a constant fire from sharpshooters concealed in rifle pits on the river bank; but officers and men exhibited great coolness and courage throughout the engagement.

SOUTH ATLANTIC BLOCKADING SQUADRON.

In my annual report in December, 1861, mention was made of the plans and investigations which had been projected during the summer preceding for seizing and holding some of the important ports on the southern coast, and that the command of the South Atlantic squadron had been given to Flag-Officer DuPont, chairman of the commission which had been selected by the department to make examination and report on this subject. I was also enabled to communicate his services at Port Royal and Beaufort, in South Carolina, and the capture of Tybee island, at the mouth of the Savannah river, in November.

Following up these successes, and in order to carry out the original purpose of his command, in addition to the duties of maintaining a blockade of the coast, Flag-Officer DuPont and the squadron became actively engaged in examining the waters and islands on the South Carolina and Georgia coasts, preparatory to their military occupation. Expeditions were sent to St. Helena, North and South Edisto, Warsaw inlet, Tybee and other islands, and other important localities. The necessity of guarding these points until the army was prepared to hold them employed no inconsiderable portion of the naval force in that quarter.

On the 1st of January a force of five gunboats, under Commander C. R. P. Rodgers, was detailed to co-operate with a column of troops, under Brigadier General Stevens, in certain military operations in the vicinity of Beaufort, South Carolina. The movements, both naval and military, were conducted with success. The effective action of the navy on this occasion elicited from the late gallant General Stevens a very complimentary acknowledgment, and the entire management of the expedition is commended in high terms by Flag-Officer DuPont.

FORT PULASKI.

At the commencement of the project of cutting off communication between Fort Pulaski (held by the rebels) and Savannah, and the

ultimate repossession of that fort, received consideration and was prepared for by frequent and successful reconnoissances. An expedition being in the course of preparation to capture Fernandina and other points south, the occasion was not permitted to pass unimproved of making a reconnoissance which would serve as a demonstration upon Savannah and cover up the real purpose, which was an attack on Fernandina.

Accordingly, on the 27th of January, a fleet of gunboats under Flag-Captain Charles H. Davis, and of transports conveying a column of troops under Brigadier General Wright, entered Little Tybee river, and passed beyond the highlands of Wilmington island. They examined the creeks and localities, and obtained much valuable information, so necessary to future successful military operations.

While on this service five steamers, the rebel fleet of Commodore Tatnall, made their appearance. Captain Davis and Commander John Rogders, who was at anchor in Wright river, opened upon them. A short but spirited engagement of less than half an hour followed, when a part of the rebel fleet was forced back, and the remainder escaped to Fort Pulaski. The appearance of such a force in Wilmington and Warsaw sounds created a sense of alarm at Savannah, inducing the withdrawal of troops from other points in anticipation of an attack on that city. In the capture of Fort Pulaski, a purely military operation, which occurred some months afterwards, August 11, the navy had the good fortune to participate, a detachment of officers and men from the Wabash serving in one of the breaching batteries, and having the management of four rifle guns in battery Sigel.

REPOSSESSION OF FERNANDINA, ST. MARY'S, FORT CLINCH, JACKSONVILLE ST. AUGUSTINE, BRUNSWICK, ETC.

The repossession and reoccupation of the eastern coast of Florida was another of the primary objects on the part of the South Atlantic organization. Flag-Officer DuPont sailed from Port Royal in the Wabash on the last day of February, and on the 2d of March, transferring his flag to the Mohican, entered Cumberland sound in that vessel, accompanied by 18 other vessels of the navy, the armed steamer McClellan carrying a battalion of marines, under the command of Major Reynolds, and several transports containing a brigade, commanded by Brigadier General Wright.

The immediate object of this expedition was the repossession of Fort Clinch and the capture of Fernandina. The insurgents abandoned their works of defence, and rapidly retreated.

Commander Drayton with a division of the force proceeded to Fernandina, and occupied that place. The flag was hoisted on Fort Clinch, the first of the national forts seized by the insurgents on which the ensign of the Union had resumed its proper position since the commencement of the rebellion. This fort and the several batteries commanding the channel of approach to Fernandina bore every indication of preparation for a vigorous defence, and their abandon-

ment without an effort to hold them was as much of a surprise as it was doubtless a disappointment to those who had come to capture them.

Commander C. R. P. Rodgers with a second division was sent to occupy St. Mary's. Lieutenant Commanding T. H. Stevens, in the Ottawa, pushed on from this place, and encountering the rebel riflemen and cavalry on the banks he soon dispersed them.

On the 7th of March a small force was sent, under Commander S. W. Godon, to hold Brunswick, and about the same time a squadron of light vessels was organized and sent to Jacksonville, both of which places were surrendered without opposition. On the 12th of March St. Augustine surrendered without exhibition of force—the citizens raising the flag of the Union with their own hands.

This expedition, organized chiefly from the forces which had but a short time previous participated in the capture of Forts Walker and Beauregard and Beaufort, though carried through without loss of life, was of very considerable importance. It secured to us Fort Clinch, Fernandina, St. Mary's, Cumberland island and sound, Amelia sound, Jacksonville, St. Augustine, and Brunswick, in reality the coast and inland waters from St. Simon's southward.

STONO RIVER AND MOSQUITO INLET.

From information derived chiefly from the contraband pilot, Robert Small, who had escaped from Charleston, Flag-Officer DuPont, after proper reconnoissance, directed Commander Marchand to cross the bar with several gunboats and occupy Stono. The river was occupied as far up as Legareville, and examinations extended further, to ascertain the position of the enemy's batteries. The seizure of Stono inlet and river secured an important base for future military operations, and was virtually a turning of the forces in Charleston harbor.

On the 22d of March, Acting Lieutenant Budd, commanding the steamer Penguin, and Acting Master Mather, commanding the steamer Henry Andrew, with boats' crews from those vessels, proceeded some fifteen or eighteen miles up one of the lagoons of Mosquito inlet. Returning, they landed, in one of the boats, near some earthworks, which had been abandoned or never armed, in the vicinity of a dense grove of live-oak and underbrush. A heavy and continuous fire was suddenly opened upon them from this cover, killing both of those officers and six of the boats' crews, and wounding several others, two of whom were made prisoners. The service thus lost two meritorious officers, who had volunteered their services to aid in suppressing the rebellion.

EASTERN GULF SQUADRON.

In January last Flag-Officer McKean despatched Commander Emmons, with the steamer Hatteras, to operate against the rebels at Cedar Keys. This place was quite a depot, and several vessels had recently been taken thither for safety and to load with produce.

Commander Emmons was entirely successful, having captured or

destroyed all the public property in that locality, including military stores, a battery of two guns in position on Sea Horse Key, barracks, railroad depot and wharf, and several schooners, laden and all ready to be taken out as soon as a favorable opportunity should offer.

In the latter part of March Commander H. S. Stellwagen, of the Mercedita, arrived off Appalachicola with that vessel and the Sagamore, Lieutenant Commanding A. J. Drake, and organized a boat expedition, the immediate object of which was the capture of a number of vessels understood to be at or above that city.

He was immediately informed by contrabands that the place had been evacuated by the soldiers, some 600 in number, and by the greater part of the citizens, on the appearance of the naval force. To test the truth of this, and to accomplish the objects in view, on the 2d of April six boats from the Mercedita and Saginaw were sent, under Lieutenants Abbott and Bigelow, to the city. No resistance was offered, and the few remaining citizens came forward to receive them. The expedition brought out several vessels, and others had to be destroyed, owing to the difficulty of getting them over the bar.

Acting Volunteer Lieutenant David Cate, commanding the United States bark Pursuit, having received information that the rebel steamer Florida, which had succeeded in getting into St. Andrew's, was lying some twenty miles above that town, determined to make an attempt to cut her out. A volunteer expedition was organized, and left the vessel on the 4th of April, and on the night of the 6th reached and surprised the Florida. The crew were overcome with slight resistance, and the vessel—a valuable side-wheel steamer of 500 tons—with a cargo of over 200 bales of cotton, was brought safely out.

WESTERN GULF SQUADRON—CAPTURE OF NEW ORLEANS AND REDUCTION OF ITS DEFENCES.

In the autumn of 1861 the capture and occupation of the city of New Orleans and the reopening of the navigation of the Mississippi were resolved upon. It was an undertaking of the greatest difficulty and of the greatest importance. The city itself was the largest and wealthiest in the southern portion of the Union, and from its position it was the most vitally interesting in the whole insurrectionary region. Its defences had been prepared and completed with the whole power, skill, and ingenuity of the insurgents. Forts Jackson and St. Philip, situated in commanding positions to bar the approach to the city from the Gulf, had been armed with one hundred and twenty-six guns of long range and heavy calibre. A fleet of some twenty armed steamers, some of them armored, and four powerful steam iron-clad rams—one of them of four thousand tons, and mounting sixteen heavy cannon—were prepared to co-operate with the fleet, in addition to chains, rafts, and fire-ships, for obstructing the advance of our attacking force, while an army of several thousand men, under the insurgent General Lovell, occupied and defended the city itself.

For the reduction of a place thus fortified and defended, the commercial and strategic importance of which can hardly be overesti-

mated, thorough and ample preparations were required and were carefully organized. Besides the squadron that was employed to enforce the blockade on the western portions of the Gulf, a large additional force of armed steamers and a bomb flotilla were ordered to the expedition.

The selection of the officer who should command the western Gulf squadron was not made until preparations were far advanced for the important expedition that constituted the striking feature of that command. Captain David G. Farragut, who received the appointment of flag-officer of the western Gulf squadron, entered with alacrity, zeal, and all the power and efficiency that had been anticipated by the department upon the duty of completing the organization of the Mississippi expedition. He found himself at the head of a squadron composed of men who, like himself, were undaunted, resolute, and determined.

The flotilla of mortar vessels, twenty in number, was added to the command, under the immediate direction and management of Commander David D. Porter. Besides skilful pilots and the officers, some of whom were familiar with that coast and the river passes, the department availed itself of the topographical and strategic information furnished by the officers of the Coast Survey. Assistant F. H. Gerdes, in charge of the steamer Sachem, rendered the squadron very essential service.

Military co-operation being necessary, the War Department furnished an army of eighteen thousand men, under the command of Major General Butler, to assist in the expedition and to hold New Orleans after it should be taken. There was throughout harmony and mutual good feeling and co-operation between the naval and military forces.

Flag-Officer Farragut's first orders bear date the 20th of January, 1862. He sailed from Hampton Roads on the 2d of February, and on the 21st assumed the duties of his command. Two months were spent in completing his preparations, receiving his re-enforcements, and getting his vessels over the bars and to the heads of the passes.

On the 16th of April he gave orders to commence the bombardment of Forts Jackson and St. Philip by the mortar flotilla. The bombardment commenced on the 18th, and was continued, with but slight interruption or cessation, during six days and nights, at the end of which time both the forts, powerful as they were, and desperate as was their resistance, had become so weakened and the garrison so demoralized as, in the judgment of the flag-officer, to render the passage of the fleet possible. Accordingly, on the morning of the 24th, the fleet was directed to move forward, and the vessels passed the forts under a terrific fire of more than one hundred guns that had not been dismantled by the bombardment, encountering not only the batteries and strong current of the river, but steamers, fire-ships, iron-clads, rams, rafts, chains, and every obstruction that the ingenuity and ability of the insurgents could interpose to prevent them.

The attacking squadron was formed in two columns, one under the command of Flag-Officer Farragut, and the other under the orders of

Captain Theodorus Bailey. In this terrible conflict, and as the fleet moved up the river toward the city, it overcame and destroyed eighteen armed steamers and other vessels of the enemy, including three iron-clad rams, two of which, the Louisiana and the Manassas, were batteries of immense power. All the carefully prepared obstructions to the navigation of the river were broken through or avoided, and on the morning of the 29th of April Flag-Officer Farragut was enabled to announce to the department that the flag of the Union again waved over the city of New Orleans and Forts Jackson and St. Philip. A great quantity of arms and munitions were surrendered with the forces that defended the forts, while a vast destruction of property within the city had been effected by the insurgents in order to prevent it from falling into our hands. Nothing was wanting to complete the grandeur of this most triumphant and arduous achievement. The capitulation of the city to our arms, recklessly and persistently obstructed by the desperation of the city authorities, was at last completed through the judgment, patience, and resolute determination of our officers without the shedding of innocent blood. The insurgent garrison, strong as it was in numbers, fled with precipitation, and the troops under General Butler having been securely landed, the custody of the city was delivered to him and the army.

Thus the great southern depot of the trade of the immense central valley of the Union was once more opened to commercial intercourse, and the emporium of that wealthy region was restored to national authority; the mouth of the Mississippi was under our control, and an outlet for the great west to the ocean was secured, so soon as the squadron, which was ordered to proceed up the river, should form a junction with the flotilla on the waters of the Upper Mississippi, which was to fight its way down, aided by an adequate co-operating military force to retain and hold the important points along its shores.

This great blow struck just terror to the heart of the whole rebellion. It was regarded everywhere, both at home and abroad, as the grandest achievement of the war, and as one of the most remarkable triumphs in the whole history of naval operations. I do not attempt, in this place, to give the details of this expedition, nor to assign to the different officers by whom it was conducted their respective claims to the praise and gratitude of their country. The graphic narratives of the actors themselves, in their official reports, have been spread before the country by order of Congress. Suffice it now to say that no terms of commendation can overstate the merits of the officers who achieved this great success, and who have been, themselves, the first and the most earnest to commend the valor, the devotion, and the unsurpassed skill of their subordinates, and of the brave men under their command.

OPERATIONS ON THE MISSISSIPPI.

Rear Admiral Farragut despatched detachments of his squadron up the river to clear its passage and capture and take possession of the principal places.

Commander Palmer arrived off Baton Rouge with the Iroquois May 7th, and demanded its surrender, the conditions to be the same as at New Orleans. The authorities declined to yield the city voluntarily, and whilst pleading their defenceless condition were not free from a tone of arrogance. The next day Commander Palmer proceeded abreast of the arsenal, landed a force and took possession of the same, together with other public property, and hoisted the American flag.

May 12th the Iroquois, with other gunboats, anchored off Natchez, the surrender of which was also demanded by Commander Palmer, upon the same conditions as at New Orleans and Baton Rouge, that is, the rights and property of peaceable citizens should be respected, all property of the rebel government should be given up, and the flag of the United States should wave over the city unmolested and respected. Although Commander Palmer deferred taking possession of Natchez—the place having never been occupied as a military position nor the insurgent flag hoisted officially over it—yet the town was virtually surrendered, and the mayor issued his proclamation enjoining the citizens to preserve good order and commit no act to provoke the displeasure of the government of the United States.

Commander S. P. Lee, commanding the advance of the squadron, arrived near Vicksburg May 18, and, under orders from Flag-Officer Farragut and Major General Butler, demanded the surrender of the place and its defences to the lawful authority of the United States, under which private property and personal rights would be respected. The demand was peremptorily and defiantly declined by both the civil and military authorities present, and Commander Lee asked the removal of the women and children beyond the reach of harm, so that it might be at his option to fire or not fire, as he thought proper, upon the defences of the town, without causing the loss of innocent life.

Rear Admiral Farragut arrived a few days afterwards, accompanied by a column of troops, under General Williams. Subsequently an additional naval and military force, including the mortar flotilla, was brought up, and preparations were made for passing and attacking the batteries. These batteries were placed upon the heights of Vicksburg, scarcely within the reach of the guns of the squadron, and were supported by a large army in the rear.

On the 28th June the mortar vessels commenced the bombardment. The batteries were silenced by the combined fire of the squadron and flotilla at times; but there being an insufficient land force to co-operate, after the steamers passed, the insurgents returned to their guns.

Returning, Flag-Officer Farragut reached New Orleans July 28th, and, leaving an adequate force at that place and Baton Rouge, sailed again, the 11th of August, for Ship island and Pensacola. The latter place having been evacuated by the rebels, it has been made the depot of the Western Gulf squadron. The destruction at and about the navy yard, which the insurgents seized during the late administration, has been very great. Some few of the buildings remain

uninjured, and the advantages of the place for a depot were superior to those of Ship island, which had for some time previous been used for that purpose.

While the Essex, Kineo, Katahden, and Sumpter were lying off Baton Rouge, a vigorous attack was made by the insurgents, August 5th, on the command of General Williams, occupying that place, and its recapture attempted by a largely superior force, led by General Breckinridge, late Vice-President. The gunboats were immediately placed in position to give assistance, if required. The relative positions of the forces were such that the gunboats could not, with safety, be made available to our troops until late in the day, when they poured a fire into the rebels' left wing which caused them to withdraw in haste and fall back several miles.

A simultaneous attack, by land and water, appears to have been the design of the enemy. The rebel ram Arkansas, which was to have taken part in it, remained a short distance above Baton Rouge, and the next morning the Essex proceeded up the river and encountered her, and after a short engagement the Arkansas was abandoned and blew up.

CAPTURE OF GALVESTON AND OTHER POINTS IN TEXAS.

About the middle of September Acting Volunteer Lieutenant J. W. Kittredge, commanding the United States bark Arthur, was sent, with his own vessel and the steamer Sachem, by Rear Admiral Farragut, to take possession of Corpus Christi and the adjacent waters. He succeeded well, and made several captures, and compelled the rebels to burn many vessels. Subsequently, however, Acting Lieutenant Kittredge, while on shore, was, with his boat's crew, surprised and captured.

A little later Acting Master Francis Crocker commanding the steamer Kensington, with that vessel and the schooners Rachel Seaman and Henry Janes, captured the defences of Sabine City, and took possession thereof. Acting Master Crocker then proceeded on an expedition to Calcasieu lake and river, and succeeded in capturing and destroying several vessels of the enemy engaged in violating the blockade.

On the 4th of October Commander W. B. Renshaw, of the United States steamer Westfield, with that vessel, the Harriet Lane, Owasco, and Clifton, captured the defences of the harbor and city of Galveston, there having been only a feeble resistance.

Our vessels and transports passing up and down the Mississippi have been annoyed by frequent attacks from guerillas and concealed batteries. In many instances these attacks have been made from villages, the parties engaged in them presuming that the fire would not be returned to endanger innocent life. To check the practice it has been necessary, after giving due notice, to fire upon and destroy, to some extent, the towns from which the attacks were made. This was a punishment by no means consistent with the feelings of those inflicting it, but one that necessity demanded. Natchez, Grand

Gulf, and Donaldsonville have been subjected to it. It is not inappropriate to mention in this connexion that the service has recently suffered the loss of a most promising and gallant young officer, Lieutenant Charles H. Swasey, of the gunboat Sciota, who was killed on the 4th of October last, by a shot from a concealed battery near Donaldsonville, Louisiana. Lieutenant Swasey had served with distinction as executive officer of the Varuna, in the battles of the Mississippi, through which he escaped without injury, but to lose his life a few months later by the fire of a hidden enemy.

WESTERN FLOTILLA.

When Flag-Officer Foote arrived at St. Louis, and on the 6th of September, 1861, assumed command of the western flotilla, the forces consisted of three wooden vessels in commission, which had been purchased, equipped, and armed as gunboats, by Commander John Rodgers; and there were nine iron-clad gunboats and thirty-eight mortar boats in course of construction.

The service was anomalous in its character, and there was with many great incredulity as to the utility and practicability of gunboats in carrying on hostilities on the rivers, where it was believed batteries on the banks could prevent their passage. There were also embarrassments for want of funds and of material for naval purposes, there being no navy yard or naval depot on the western waters. All these difficulties were met and surmounted by the energetic and efficient officer to whom the duty was intrusted, whose perseverance and courage in overcoming the obstacles that impeded and retarded his operations in creating a river navy were scarcely surpassed by the heroic qualities displayed in subsequent well-fought actions on the decks of the gunboats he had, under so many discouragements, prepared.

CAPTURE OF FORTS HENRY, DONELSON, &C.

It having been ascertained in the latter part of the winter that the stage of water in the Tennessee and Cumberland rivers was favorable for active operations, Flag-Officer Foote, as soon as four of the iron-clad boats were ready, urged prompt action, and proposed to General Grant, commanding at Cairo, a joint attack on Fort Henry. That officer, though preferring a movement on the Cumberland and an attack on Fort Donelson, yielded to the proposition of the naval commander on procuring the assent of General Halleck.

Fort Henry was captured on the 6th of February. The attacking force consisted of the iron-clad gunboats Benton, (flag-ship,) Commander R. N. Stemble; Essex, Commander W. D. Porter; Carondelet, Commander Henry Walke, and St. Louis, Lieutenant Commanding Leonard Paulding, forming the first division; and the wooden gunboats Conestoga, Lieutenant Commanding S. L. Phelps; Tyler, Lieutenant Commanding William Gwinn, and the Lexington, Lieutenant Commanding J. W. Shirk, forming the second division, in charge of Lieutenant Commanding Phelps, astern of the first.

The firing was commenced at 1,700 yards distant by the flag-ship, the others following in succession, and continued while the fleet steamed slowly to within 600 yards of the fort. After a closely-contested action of an hour and a quarter the colors of the fort lowered; the flag of the Union was substituted for the emblem of secession; General Tilghman, his staff and sixty or seventy of his men were received as prisoners, together with a hospital ship containing sixty invalids, the fort and its effects, 20 guns, mostly of heavy calibre, and barracks and tents capable of accommodating quite an army, which were turned over to General Grant, on his arrival an hour afterwards, with the forces under his command. The joint attack was to have been made by land and water on the enemy's work, but was frustrated by the bad condition of the roads, which delayed the army and deprived it of the pleasure as well as the glory of participating in the capture of Fort Henry.

Lieutenant Commanding Phelps, on an order previously given, proceeded with the three gunboats up the Tennessee river. He ascended as far as Florence, Alabama, the foot of the muscle shoals. This expedition was fruitful in important results. Several prizes were taken—one of them, the fine steamer Eastport, in the act of being converted into a gunboat. Large quantities of stores were captured, and the insurgents were lavish in destroying others to prevent them falling into our hands; they also destroyed many of their vessels. This sudden penetration to the very heart of the insurgents' country was doubtless as unexpected as it was alarming and disastrous to them.

From Fort Henry, the field of his late success, Flag-Officer Foote proceeded with his flotilla to the Cumberland river to make an attack upon Fort Donelson. On the 14th of February, with four iron-clads and two wooden gunboats, he engaged that fort and its adjacent water batteries. With his reduced force he had to contend against more vigorous works than he had met on the 6th at Fort Henry. After a severe fight of an hour and a half, during which he was seriously wounded, and when he was on the point of enfilading the fort, and the rebel fire had materially slackened, two of the gunboats were disabled in their steering apparatus, and the remaining boats retired for the night. The rebels were so greatly demoralized that they could not be brought into effective action on the following day, which resulted in the defeat of the insurgents and the surrender of Fort Donelson to the army the next morning.

With two gunboats Flag-Officer Foote proceeded up the Cumberland on the 19th of February, and seized Clarksville and the three forts which defended the city and river, and issued a proclamation to the inhabitants.

In view of the panic which pervaded not only Clarksville, but the rebel army, which were fleeing to Nashville, Flag-Officer Foote pressed upon General Grant an immediate pursuit, with four thousand troops, to that place. Orders were received, however, from the general-in-chief of the western department prohibiting the gunboats from proceeding higher up than Clarksville.

In consequence of these orders the flag-officer returned to Cairo

and only two gunboats were with the army when possession was taken of Nashville on the 27th of February.

The Tennessee and Cumberland rivers are the thoroughfares and outlets of a rich agricultural region, and the elaborate fortifications which had been erected and garrisoned with a view of controlling the navigation indicate the importance with which the insurgents regarded them. The rapid clearance of both these rivers, and the formidable character of the gunboats, which became at once a power and a terror on the western waters, disconcerted and dismayed the rebels. Forts Henry and Donelson, with Nashville and Clarksville, and other places, having fallen, the insurgents became alarmed in their stronghold at Columbus, on the Mississippi, lest the possession of those places should cut off their communications with the rebel army.

OPERATIONS ON THE MISSISSIPPI.

On the 4th of March a force of gunboats, with transports conveying troops, moved upon Columbus, but an armed reconnoissance of the 2d had so alarmed the garrison as to cause the place to be evacuated without delay; and when our forces landed, the forts, though of great strength, were unoccupied.

Keeping in view the purpose of opening the navigation of the river, Flag-Officer Foote left Cairo on the 14th of March with seven iron-clads and ten mortar boats, and having been joined by Colonel Buford with fifteen hundred troops, at Columbus, moved down and took possession of Hickman. Arriving the next day in the vicinity of Island No. 10, the mortar vessels, in charge of Captain Maynadier, of the army, were placed in position and shelled out several encampments.

A siege of twenty-three days took place, during which a canal was cut to admit the light transports to reach the army of General Pope, at New Madrid, below No. 10, and enable him to cross to the Tennessee shore. The guns at No. 1 battery were spiked, and the pelican dock, or New Orleans floating battery, was shelled out of the channel that two of the gunboats might run the blockade and get past, as they did at night in a heavy thunder-storm, under a tremendous fire from forty-seven guns, aided by infantry. Several batteries, erected to prevent the army of General Pope from crossing, were demolished by these two gunboats, and the landing was effected. This result being accomplished after persistent and severe struggles and conflicts, the rebel commander became convinced that he could not avoid defeat from a combined assault, and, therefore, on the 7th of April, surrendered Island No. 10 to the commander of the naval forces. Thus it would appear that in the capture of Fort Henry and Island No. 10 not a gun was fired by the army except from the command of Colonel Buford, which, at the latter place, co-operated with the navy. There were eleven batteries on the island and adjacent shores, mounting upwards of seventy-five guns, from 32 to 100 pounders.

One rebel gunboat, four transports, and immense munitions of war and many prisoners fell into our hands by this important capture.

In pursuance of the first great duty enjoined upon him, that of re-opening the navigation of the Mississippi, Flag-Officer Foote proceeded to the vicinity of Fort Pillow. Arriving on the 12th of April, he was on the next day joined by General Pope and his army.

Arrangements were promptly made by the two commanders for an immediate combined attack upon the fortifications, with every confidence of success; but just upon the point of execution, an order from General Halleck for the army to re-enforce him at Corinth frustrated the well-matured plans that had been made.

Flag-Officer Foote, suffering from the long-neglected wound he received at Fort Donelson, was, on the 9th of May, relieved by the department, on the advice of the surgeons, of the command of the flotilla, which was transferred to Captain Charles H. Davis.

CAPTURE OF FORT PILLOW AND MEMPHIS.

The latter was scarcely introduced to his command before he had vigorous work to perform. On the 11th of May an attack, for which the rebel fleet lying below Fort Pillow had been long preparing, was made upon the flotilla. This fleet of eight iron-clad steamers, four of them fitted as rams, steamed up fully prepared for an engagement, and the flotilla was quickly in motion to receive them. An action of an hour at the closest quarters followed, at the end of which the enemy retreated under the guns of Fort Pillow, three of their gunboats having been disabled.

The flotilla occupied a nearer position to Fort Pillow after this engagement, and the ram fleet under Colonel Ellett joined Flag-Officer Davis, and on the 5th of June Fort Pillow was abandoned.

The flotilla moved down the river, and on the evening of the 7th anchored a mile and a half above Memphis. The next morning the rebel fleet of eight gunboats and rams was discovered opposite the city. The flotilla came up with and engaged them. The ram fleet pressed into action under full steam, the gunboats in the meantime keeping up a continuous and well-directed fire. The rebel gunboats General Beauregard and Little Rebel blew up, and the Queen of the West, commanded by Colonel Ellett in person, encountered the General Lovell and sunk her. A running fight followed, carrying the vessels several miles below Memphis, and resulting in the capture or destruction of the entire rebel fleet, except the Van Dorn, which succeeded in escaping. Our loss was trifling. The rebels suffered severely from the exploding and sinking of their vessels.

At the close of the engagement Flag-Officer Davis returned to Memphis and demanded the surrender of the city, which was complied with, Colonel Fitch arriving at 12 o'clock from Fort Pillow and taking military possession.

On the 29th of June Flag-Officer Davis left Memphis with a part of his flotilla and six mortar boats, and the 2d of July following joined Rear Admiral Farragut above Vicksburg, the latter officer, with a portion of his squadron, having arrived there a few days previous. Demonstrations were continued by the combined squad-

rons, at intervals, on the defences of Vicksburg, for some days, the mortar vessels of each squadron bombarding from both above and below.

An expedition was sent, on the 15th of July, to procure information respecting the obstructions and defences of the Yazoo, but the river was scarcely entered when the rebel iron-clad ram Arkansas was encountered, coming down. After a severe fight with the Carondelet and Tyler, in which they were partially disabled, the Arkansas entered the Mississippi, passed the fleets of Farragut and Davis, and took refuge under the batteries at Vicksburg. An attempt to destroy her, under the guns of the battery, did not succeed.

There not being a sufficient military force to co-operate in the reduction of Vicksburg, the scheme was for the time abandoned, and, late in July, Flag-Officer Davis withdrew his command to the mouth of the Yazoo. In August a joint expedition was planned between Flag-Officer Davis and General Curtis for operations up the Yazoo, which was entirely successful, resulting in the capture of a battery of heavy guns, field-pieces, munitions of war, &c.

June 13th a detachment from the squadron, under the command of Commander A. H. Kelty, with the 46th Indiana regiment, under Colonel Fitch, left Memphis for White river, their object being to form a junction with General Curtis.

On the morning of the 17th they arrived at the rebel fortifications near St. Charles, Arkansas, upon which an attack was commenced by the gunboats, whilst Colonel Fitch landed for the purpose of assaulting the rear. The enemy's first battery was carried by the gunboats, and Colonel Fitch gallantly charged the second battery, and carried it without the loss of a single man.

The Mound City, in the lead, was damaged by a shot which entered and exploded in her steam drum, killing and wounding a large portion of her officers and men.

The gunboats Tyler, Lieut. Com'g Gwinn, and Lexington, Lieut. Com'g James W. Shirk, of the western flotilla, have been most actively and usefully employed on the Tennessee river. They have generally preceded the march of our army southward on the line of that river, convoying the transports, clearing the banks of rebel batteries, and frustrating attempts of the insurgents to fortify. Frequently under fire, and affording protection to loyal citizens and their property within their reach, these gunboats have made a lasting record of their services by their participation in the battle of Shiloh, or Pittsburg Landing. Finding our army forced back towards the river by overwhelming numbers, those two vessels selected convenient positions for shelling the rebels, and from 3 to 6 p. m. were throwing shot and shell into their ranks with effect. The Tyler alone, on this occasion, discharged 188 shells.

VESSELS ON FOREIGN SERVICE.

Commodore Montgomery was relieved by Commodore Charles H. Bell, in the command of the squadron on the Pacific station, on the 2d of January last. The vessels composing the squadron are the steam sloops Lancaster, (flag-ship,) Saranac, Wyoming, and Narra-

ganset, and sloops-of-war Cyane and St. Mary's. In June the Wyoming was detached and ordered to the East Indies. The several vessels have frequently visited the principal Mexican and South American ports in the Pacific, and our commerce and citizens have received from them all required protection.

The steam sloop Wyoming is at present the only United States vessel-of-war on the East India station, though the sloop Jamestown is on her way thither. No information of the disturbance of our commerce by piratical vessels or privateers in the East Indian waters has been received.

The sloop-of-war Constellation, Commodore H. K. Thatcher, has been cruising in the Mediterranean since last spring. She has visited some of the commercial ports of the Levant, and her presence has, doubtless, been conducive of good results. No disturbance of our commerce has occurred in that quarter.

The small steamer Pulaski has been the only vessel on the Brazil station during the year, and I am happy to state that nothing has arisen requiring the presence of an additional force, either to secure the rights of our citizens and the safety and protection of our commerce, both of which have been respected and protected.

The Saratoga has been the only vessel on the African station.

The Tuscarora for some time watched the rebel steamer Nashville at Southampton, and then blockaded the Sumter at Gibraltar. She was relieved in the latter duty by the Kearsarge, and endeavored to prevent the escape of the 290. She is now in pursuit of this pirate.

The St. Louis has been cruising from the Azores to the coast of Portugal and Spain, and is also in search of the 290, or Alabama.

The Chippewa has been sent to relieve the Kearsarge in blockading the Sumter, and the latter vessel, at last advices, was also in pursuit of the 290.

The Vanderbilt, the San Jacinto, the Mohican, the Sabine, the Dacotah, the Onward, and the Ino are severally cruising to protect our commerce, and have specially in view the capture of the 290, or any piratical cruiser.

PRIVATEERS.

The rebel armed steamer Sumter, which, after committing depredations, was, at the date of my last report, fleeing to escape our cruisers, crossed the Atlantic. She was tracked to Gibraltar, where she has since remained, one of our cruisers vigilantly guarding her from Algeciras. With this exception, no other armed vessel has plundered our commerce or inflicted injury on our countrymen until within a recent period, when a steamer known as 290, or Alabama, built and fitted out in England—a vessel that had not been in any port or visited any waters but those of Great Britain—went forth from the shores of that country ravaging, sinking, burning, and destroying the property of our merchants who, knowing our peaceful relations with England, and uninformed that such a cruiser had been permitted to leave Great Britain, were unprepared for such assault and devastation.

How far and to what results this abuse may be carried with impunity to the government which tolerates it is matter of grave consideration. The piratical privateer 290, or Alabama, has no register nor record, no regular ship's papers nor evidence of transfer, and no vessel captured by her has ever been sent into any port for adjudication and condemnation. All forms of law which civilization has introduced to protect and guard private rights, and all those regulations of public justice which distinguish and discriminate the legalized naval vessel from the pirate, are disregarded and violated by this lawless rover which, though built in and sailing from England, has no acknowledged flag or recognized nationality, nor any accessible port to which to send any ship she may seize, nor any legal tribunal to adjudge her captures. Under the English flag, in which they confided, and by the torch of the incendiary, appealing to their humanity, our merchantmen have been lured to destruction.

She was built and fitted out in British ports in flagrant violation of British law and of the royal proclamation of neutrality, and I have reason to believe that her crew is composed almost exclusively of British subjects, or persons who, pursuing a lawful voyage, would be entitled to ship and receive protection as British seamen.

Before this piratical cruiser left Great Britain the authorities of that country were informed by the recognized official agents of this government of her character and purposes. The British government, thus invoked, came too late to prevent her sailing. To what extent, under these circumstances, the government of Great Britain is bound in honor and justice to make indemnification for the destruction of private property which this lawless vessel may perpetrate, is a question that may present itself for disposal. It is alluded to now and here, not only from a sense of duty towards our commercial interests and rights, but also by reason of the fact that recent intelligence indicates that still other vessels of a similar character are being fitted out in British ports to depredate upon our commerce.

Our own cruisers not being permitted to remain in British ports to guard against these outrages, nor to coal while cruising, nor to repair damages in their harbors when injuries are sustained, the arrest of them is difficult and attended with great uncertainty. This department has despatched vessels to effect the capture of the Alabama, and there is now quite a fleet on the ocean engaged in pursuing her.

THE NAVAL FORCE.

When I entered upon the discharge of my public duties as the head of this department, in March, 1861, there were but 42 vessels in commission, and, as stated in my last annual report, but 76 vessels then attached to the navy have been made available. Most of those in commission were abroad, and of the 7,609 seamen in the pay of the government, there were on the 10th of March, 1861, but 207 men in all the ports and receiving ships on the Atlantic coast to man our ships and protect the navy yards and depots, or to aid in suppressing the rising insurrection.

Neither the expiring administration, nor Congress, which had been in session until the 4th of March, had taken measures to increase or strengthen our naval power, notwithstanding the lowering aspect of our public affairs; so that when a few weeks after the inauguration I desired troops for the protection of the public property at Norfolk and Annapolis, or sailors to man and remove the vessels, neither soldiers nor sailors could be procured. There were no men to man our ships, nor were the few ships at our yards in a condition to be put into immediate service.

The proclamation of April placing our entire coast from the mouth of the Chesapeake to the Rio Grande under blockade found us with a naval force, even were every vessel on our coast, inadequate to the work required.

I have in my former reports at the special session in July, 1861, and in December last, made full exposition of the steps which were promptly taken to recall our foreign squadrons and the progress which had been made in augmenting our navy by repairing and fitting, as expeditiously as possible, every available vessel owned by the government, by purchasing such others as could be made speedily useful in guarding our shallow and peculiar coast, and by rapidly constructing as many steamers as could be built at our navy yards, and employing, to the extent that we could procure materials, engines, and machinery, the resources of the country in adding others from private ship yards. The result is, that we have at this time afloat or progressing to rapid completion a naval force consisting of 427 vessels, there having been added to those of the old navy enumerated in my report of July, 1861, exclusive of those that were lost, 353 vessels, armed in the aggregate with 1,577 guns, and of the capacity of 240,028 tons.

The annals of the world do not show so great an increase in so brief a period to the naval power of any country. It affords me satisfaction to state that the acquisitions made to the navy from the commercial marine have proved to be of an excellent character, and though these vessels were not built for war purposes, and consequently have not the strength of war vessels, they have performed all the service that was expected of them. No equal amount of tonnage was ever procured for any service at prices correspondingly low, and with so little disturbance to the commercial community; and no vessels were ever constructed on better terms for the government, or have better subserved the purposes for which they were designed, than the twenty-three gunboats for which the department contracted on its own responsibility at the commencement of hostilities, without waiting for the action of Congress. In no respect, during this war, has the government been better or more economically and faithfully served than in the additions that have been made by construction and purchase to the navy.

In order that the actual condition of the navy, past and present, from March 4, 1861, to November, 1862, and the expansion which has been made, may be seen, I present a tabular statement of the number of vessels, and the aggregate of their armament and tonnage, with a detail account of the losses that have occurred since my last annual report.

NAVAL FORCE AT DATE OF THE LAST ANNUAL REPORT.

Description.	Number.	Guns.	Tons.
Old navy	76	1,783	105,271
Purchased vessels	136	518	71,297
New vessels, completed and under construction	52	256	41,448
Total	264	2,557	218,016

PRESENT NAVAL FORCE.

Description.	Number.	Guns.	Tons.
Old navy	74	1,691	100,008
Purchased vessels	180	688	86,910
Transferred from War and Treasury Departments	50	230	32,828
New vessels, completed and under construction	123	659	120,290
Total	427	3,268	340,036
Increase since last reported	163	711	122,020

LOSSES BY SHIPWRECK AND IN BATTLE.

Name.	Class.	Guns.	Tonnage	Remarks.
R. B. Forbes	Steamer	3	329	Wrecked February, 1862, coast of North Carolina.
Congress	Frigate	50	1,867	In action with Merrimack, March 8, 1862.
Cumberland	Sloop	24	1,726	Do.
Whitehall	Steamer	4	323	At Old Point, Mar 9, 1862, by fire.
M. J. Carlton	Mortar schooner	3	178	Attack on Forts Jackson and St. Philip, April 19, 1862.
Varuna	Steamer	9	1,300	In action with rebel gunboats below New Orleans, April 24, 1862.
Sidney C. Jones	Mortar schooner	3	245	Grounded below Vicksburg and burnt to prevent falling into the hands of the enemy.
Island Belle	Steamer	2	123	Grounded in Appomattox river June, 1862, and burned to prevent falling into the hands of the enemy.
Adirondack	Screw sloop	9	1,240	Wrecked near Abaco August 23, 1862.
Henry Andrew	Steamer	3	177	Wrecked in a gale near Cape Henry August 24, 1862.
Sumter	Steam Ram	2	400	Grounded in Mississippi river and abandoned.
		112	7,908	

ADDED SINCE FOURTH OF MARCH, EIGHTEEN HUNDRED AND SIXTY-ONE.

(*Exclusive of those lost.*)

	No. of vessels.	Guns.	Tons.
By purchase	180	688	86,910
By transfer	50	230	32,828
By construction	123	659	120,290
	353	1,577	240,028

ADDED BY CONSTRUCTION.

Description.	No. of vessels	Guns.	Tons.
Second class screw sloops-of-war	13	116	16,396
Screw gunboats	27	108	14,033
Side-wheel gunboats	39	296	36,337
Armored wooden vessels	12	65	20,893
Armored iron vessels	32	74	32,631
	123	659	120,290

IRON-CLAD NAVY.

Description.	No. of vessels.	Guns.	Tons.
Seaboard.			
Armored wooden vessels	8	56	19,005
Armored iron vessels	20	42	22,611
Western rivers.			
Armored wooden vessels	4	9	1,888
Armored wooden vessels, (transferred from War Department)	10	122	6,284
Armored iron vessels	12	32	10,020
	54	261	59,808

NAVY ON WESTERN WATERS.

Description.	No. of vessels.	Guns.	Tons.
Armored vessels	26	261	59,808
Wooden gunboats	18	79	6,380
Transports and ordnance steamers	10	2	9,000
Rams	5	24	11,200
Armed tugs	13	13	650
	72	379	87,038

When the vessels now under construction are completed, the navy will consist of—

SAILING VESSELS.

Description.	Number.	Guns.	Tons.
Ships-of-the-line	6	504	16,094
Frigates	6	300	10,237
Sloops-of-war	16	289	14,305
Brigs	4	20	999
Ships, including store and receiving vessels	23	139	18,087
Schooners	29	69	5,821
Barks	18	92	8,432
Yachts	2	2	200
Total	104	1,415	74,175

STEAM VESSELS.

Description.	Number.	Guns.	Tons.
Screw frigates	5	228	18,272
Screw sloops, 1st class	6	133	11,955
Screw sloops, 2d class	21	167	23,992
Screw gunboats, (new)	27	108	14,033
Iron-clad vessels	54	261	59,808
Side-wheel frigates	4	49	8,003
Side-wheel gunboats, (new)	39	296	36,367
Side-wheel gunboats, (old navy)	5	11	2,190
Screw steamers, (purchased)	53	215	23,490
Side-wheel steamers, (purchased)	63	250	38,617
Screw steamers, (old navy)	6	27	2,590
Gunboats, transports, &c., transferred from other departments	40	108	26,544
Total	323	1,853	265,861

RECAPITULATION.

Description.	Number.	Guns.	Tons.
Sailing vessels	104	1,415	74,175
Steam vessels	323	1,853	265,861
Total	427	3,268	340,036

IRON-CLAD VESSELS.

The attention of this department was turned to the subject of iron-clad vessels immediately after the commencement of hostilities and the adoption of measures for the enlargement of the navy. It was a

subject full of difficulty and doubt. Experiments upon a large scale of expense, both in England and France, if not resulting in absolute failure, had achieved but a limited and questionable success. Yet it was evident that a new and material element in maritime warfare was developing itself, and demanded immediate attention. In this view I recommended to Congress, at its extra session, on the 4th of July, 1861, the whole subject, and asked authority to organize a commission for investigation. Thirty days after this action on my part, Congress conferred the authority requested, and appropriated fifteen hundred thousand dollars for the construction of one or more iron-clad vessels upon such models as should receive the approval of the department. On the day after the law had been approved the commission was constituted, and the department advertised for proposals. Of the various plans and propositions submitted, three vessels of different models were recommended by the board, which received the approval of the department. Contracts were forthwith made for constructing the Monitor, the Galena, and the Ironsides. All of these vessels are now in the service. It was the intention and constant effort of the department and the contractors that the Monitor should be completed in the month of January, but there was delay in consequence of the difficulties incident to an undertaking of such novelty and magnitude, and there were also some slight defects which were, however, promptly remedied, and she left New York early in March, reaching Hampton roads on the night of the eighth.

Her arrival, though not as soon as anticipated, was most opportune and important. For some time the department had heard with great solicitude of the progress which the insurgents had made in armoring and equipping the large war steamer Merrimack, which had fallen into their hands when Norfolk was abandoned. On the afternoon of the 8th of March this formidable vessel, heavily armored and armed, and fully prepared to operate both as a ram and a war steamer, came down the Elizabeth river, accompanied by several smaller steamers, two of them partially armored, to attack the vessels of the blockading squadron that were in and about Hampton roads. When the Merrimack and her attendants made their appearance, the Congress and the Cumberland, two sailing vessels, were anchored off Newport News, and the remaining vessels were in the vicinity of Fortress Monroe, some six miles distant. The Minnesota, the Roanoke, and the St. Lawrence got immediately under way and proceeded towards the scene of action.

The Congress, being nearest to the Merrimack, was the first to receive her fire, which was promptly returned by a full broadside, the shots falling apparently harmlessly off from the armored side of the assailant. Passing by the Congress, the Merrimack dashed upon the Cumberland, and was received by her with a heavy, well-directed and vigorous fire, which, like that of the Congress, produced unfortunately but little effect. A contest so unequal could not be of long continuance, and it was closed when the Merrimack, availing herself of her power as a steam ram, ran furiously against the Cumberland, laying open her wooden hull, and causing her almost imme-

diately to sink. As her guns approached the water's edge, her young commander, Lieutenant Morris, and the gallant crew stood firm at their posts, delivered a parting fire, and the good ship went down heroically, with her colors flying. Having thus destroyed the Cumberland, the Merrimack turned again upon the Congress, which had, in the meantime, been engaged with the smaller rebel steamers, and after a heavy loss, in order to guard against such a fate as that which had befallen the Cumberland, had been run aground. The Merrimack now selected a raking position astern of the Congress, while one of the smaller steamers poured in a constant fire on her starboard quarter. Two other steamers of the enemy also approached from James river, firing upon the unfortunate frigate with precision and severe effect. The guns of the Congress were almost entirely disabled, and her gallant commanding officer, Lieutenant Joseph B. Smith, had fallen at his post. Her decks were strewn with the dead and dying; the ship was on fire in several places, and not a gun could be brought to bear upon the assailants. In this state of things, and with no effectual relief at hand, the senior surviving officer, Lieutenant Pendergrast, felt it his duty to save further useless destruction of life by hauling down his colors. This was done about four o'clock, p. m. The Congress continued to burn till about eight in the evening, and then blew up.

From the Congress the Merrimack turned her attention to the remaining vessels of the squadron. The Roanoke had grounded on her way to the scene of the conflict; and although she succeeded in getting off, her condition was such—her propeller being useless—that she took no part in the action. The St. Lawrence also grounded near the Minnesota, and had a short engagement with the Merrimack, but suffered no serious injury, and, on getting afloat, was ordered back to Fortress Monroe.

The Minnesota, which had also got aground in the shallow waters of the channel, became the special object of attack, and the Merrimack, with the Yorktown and Jamestown, bore down upon her. The Merrimack drew too much water to approach very near; her fire was not therefore particularly effective. The other steamers selected their position, fired with much accuracy, and caused considerable damage to the Minnesota. She soon, however, succeeded in getting a gun to bear on the two smaller steamers, and drove them away—one, apparently, in a crippled condition. About 7 p. m. the Merrimack also hauled off, and the three stood towards Norfolk.

All efforts to get the Minnesota afloat during the night, and into a safe position, were totally unavailing. The morning was looked for with deep anxiety, as it would, in all probability, bring a renewed attack from the formidable assailant. At this critical and anxious moment the Monitor, one of the newly finished armored vessels, came into Hampton roads, from New York, under the command of Lieutenant John L. Worden, and a little after midnight anchored alongside the Minnesota. At six o'clock the next morning the Merrimack, as anticipated, again made her appearance and opened her fire upon the Minnesota. Promptly obeying the signal to attack, the Monitor

ran down past the Minnesota and laid herself close alongside the Merrimack, between that formidable vessel and the Minnesota. The fierce conflict between these two iron-clads lasted for several hours. It was, in appearance, an unequal conflict; for the Merrimack was a large and noble structure, and the Monitor was, in comparison, almost diminutive. But the Monitor was strong in her armor, in the ingenious novelty of her construction, in the large calibre of her two guns, and the valor and skill with which she was handled. After several hours fighting the Merrimack found herself overmatched, and, leaving the Monitor, sought to renew the attack on the Minnesota; but the Monitor again placed herself between the two vessels, and re-opened her fire upon her adversary. At noon the Merrimack, seriously damaged, abandoned the contest, and, with her companions, retreated towards Norfolk.

Thus terminated the most remarkable naval combat of modern times, perhaps of any age. The fiercest and most formidable naval assault upon the power of the Union which has ever been made by the insurgents was heroically repelled, and a new era was opened in the history of maritime warfare.

Before the occurrence of these events, entertaining a conviction that at least one of the models of iron-clad vessels—that of the Monitor, an original invention of John Ericsson, of New York—would prove a successful experiment, and that it was particularly adapted to our harbor and coast defence, and service on the shallow waters of our seaboard, I estimated, in my annual report, last December, for the immediate construction of twenty iron-clad steamers. The House of Representatives promptly responded to this recommendation, and passed a bill "authorizing and empowering the Secretary of the Navy to cause to be constructed, by contract or otherwise, as he shall deem best for the public interest, not exceeding twenty-one iron-clad steam gunboats." The Senate delayed action on this bill until February, when, foreseeing that the country would suffer from longer inaction, I addressed the chairman of the Naval Committee of the Senate on the subject, and the result was the immediate passage of the bill which had originated in the House in December.

At the earliest practicable moment after the enactment of this law the department commenced entering into contracts for the construction of armored vessels, most of them on the plan of the Monitor.

The Galena, a less formidable vessel, was for some time under fire from plunging shot at Drury's Bluff, on James river. As yet the Ironsides, recently completed, has not been tested in action, but it is believed she will prove a formidable fighting vessel. That we might be prepared for extraordinary emergencies, it was deemed advisable to put armature on one of our steam frigates, and the Roanoke was selected for that purpose.

Whatever success may attend the large and costly armored ships of the Warrior class, which are being constructed by some of the maritime powers of Europe cruising in deep waters, they can scarcely cause alarm here, for we have within the United States few harbors that are accessible to them, and for those few the government can

always be prepared whenever a foreign war is imminent. It has been deemed advisable, however, that we should have a few large sized armed cruisers, of great speed, for ocean service, as well as of the class of smaller vessels for coastwise and defensive operations.

In the construction of iron clads of the Monitor class, the nautical qualities of the vessel have not been the governing object, for with light draft and heavy armament, high speed is not attainable. But they are adapted to the shallow waters of our coast and harbors, few of which are accessible to vessels of great magnitude. While the larger armored vessels, with their heavy armament, cannot nearly approach our shores, those of the Monitor class can penetrate even the inner waters, rivers, harbors, and bayous of our extended double coast.

YARD AND DEPOT FOR AN IRON-CLAD NAVY.

In March last, and again in June, I invited the attention of the naval committees of Congress to the importance of taking prompt preliminary measures for establishing a navy yard, including founderies, shops, and docks, adapted to the growing wants of the service and the country. It was not that we needed an additional navy yard, but that we required one of a different character, in many respects, from any that we possess.

In view of the importance of possessing, somewhere in this country, a navy and dock yard for the purposes of an iron navy, the suggestions of the department received the favorable consideration of Congress. The city of Philadelphia, the commercial centre of the iron and coal regions, became interested in the question and was induced to make a free offer of League island, a body of land of about six hundred acres near the confluence of the Delaware and Schuylkill rivers, to the United States for naval purposes. In consequence of this liberal offer, Congress authorized the Secretary of the Navy to receive and accept League island: provided, however, that it should not be accepted until the title shall be perfect to low-water mark, nor if, upon a more thorough examination and survey of the premises by a competent board of officers to be appointed by the Secretary of the Navy, he shall discover that the public interests will not be promoted by acquiring the title as aforesaid; that the board to be appointed shall, before proceeding to any decision of the questions referred to them, make a survey and examination of the harbor of New London, in Connecticut, and its surroundings, with reference to its fitness for a naval depot and navy yard; and that they also make the same investigation in regard to the waters of Narraganset bay.

Pursuant to the requirements of the act of Congress above referred to, I appointed, on the 12th of August, a board of officers consisting of Rear Admiral Stringham, Commodores Van Brunt and Gardner, and Captain Marston, of the navy, Professor Bache, and Engineer Sanger, to make the required examination, and report. The board was assiduously engaged for over two months upon the duty assigned it, and after completing the survey and examination, revised their labor; and, upon a full discussion of the subject, the members unani-

mously rejected any proposition for the contemplated navy yard on the waters of Narraganset bay. In regard to the two other locations, League island and New London, and which is best adapted to the purposes of such a navy yard and depot as is contemplated by the law, the board was divided in opinion, and presented majority and minority reports. The majority, comprising four members, award to New London the preference over League island for a navy yard. The minority as fully and emphatically give their preference to League island as possessing important requisites which the other does not, and as being better adapted to the special wants of the government and the objects of the law authorizing the appointment of the commission.

Without attempting, in this place, to analyze these voluminous reports, or to reproduce the arguments adduced by each, I have considered it my duty to bring the subject to the attention of Congress, and to reiterate my opinion in favor of a new yard and depot better adapted to the construction of iron vessels and iron-clad vessels than any we now have, and where this description of vessels may be repaired, or, in time of peace, laid up in ordinary. In selecting the site for such a navy yard there are two essential and controlling considerations that must govern. One is the very great advantage (if not absolute necessity) of fresh water over salt water for the preservation of iron vessels. The other is, security from an attack by a foreign enemy. These two primary qualities are to be had at League island. Iron and coal are also in close proximity to that location.

New London has a commodious harbor, and, were it less exposed, some good qualities for a navy yard, provided it be the intention of Congress to establish another similar to those we now have for the construction of wooden vessels. For an iron navy, and for iron purposes, I am not aware that it has any advantages over Brooklyn, or Charlestown, or Portsmouth, and if not Congress must determine whether another such yard shall be established. The department has not suggested or contemplated the acquisition of a yard and depot of that description, but called attention to the growing necessity of an establishment for an iron navy. The law, while requiring an examination of other places by a board, authorizes no action by the department for the acceptance of any other than League island, and I do not, therefore, propose to canvass the merits or demerits of New London or Narraganset bay.

League island has the requisite of fresh water, which is indispensable for an iron navy yard; and is remote from the sea, which renders it a place of security. The objections to it are its low alluvial soil, the cost of raising it to a proper grade, the depth it will be necessary to penetrate before reaching safe bottom, and the expense of piling, on which to erect superstructures. These are weighty objections, and it will require no inconsiderable expenditure to overcome them. In addition to those above enumerated is the fact that the navigation of the Delaware river is sometimes obstructed by ice, and injury is

sometimes caused by floating ice; but there is no river east or north of it where the objection is not much greater.

In regard to the location of naval depots and the necessity of having them secure from foreign enemies, I cannot more distinctly and clearly present what are the requisites than by quoting from the report of a very able board of eminent officers and engineers on sea-coast defences, made in 1820:

"Security against an attack by sea or land is undoubtedly the first condition required; for the destruction of an establishment of this nature involves with it the destruction of all those elements of a naval force which have been collected a long time beforehand during peace, to the incalculable loss of the public. Such a misfortune must be severely felt during the whole course of a war, and cannot well be repaired whilst it continues. This indispensable quality (security) must be obtained, as well as localities will admit, without having recourse to artificial fortifications; for these must be very costly, and if that expense can be avoided, the same sums will be much more advantageously laid out in improving and aggrandizing the establishments of the depot. Thus, if equal in other respects, a place whose site is naturally strong, and whose position with respect to the general frontier is well covered, should be preferred to another that requires to be fortified."

The great essential here specified, of security from attack by a foreign enemy, appertains to League island, which has, in that respect, strong topographical advantages. Its interior location might have constituted an objection at a former period, when only sailing vessels were in the naval service; but the introduction of steam has wrought a revolution in this respect, rendering the movements of our war vessels independent of wind and tide. Immediate contiguity to the ocean is no longer deemed an advantage, but a disadvantage. Steam, rifled cannon, and modern improvement in ordnance, have rendered harbors and depots immediately on the seaboard insecure. In a recent debate in the British Parliament, it was emphatically urged that Portsmouth and its immense and costly works must be abandoned, for the reason that a naval depot should not be within the range of fire or six miles of an attacking force. If, then, fresh water be indispensable for a navy yard for the construction, repair, and dockage of iron vessels, and vessels that are clad with iron, there is no position east of the Delaware where the difficulties from ice do not exceed those urged against League island, nor has any place been proposed that presents equal advantages, or is so secure from an attack. While there are some obvious and admitted objections to League island, no place has been proposed that combines so many advantages, unless it be the contracted and altogether inadequate yard at Philadelphia. That yard may perhaps be extended so as to double its present capacity, but, besides involving a large expenditure, it would then be insufficient for our future iron navy.

The occupation of League island would not increase the number of navy yards that we now have, for, when once in operation, the discontinuance of the present site at Philadelphia would take place as a

matter of course, and the avails could be, and doubtless would be, diverted to the improvement of the new location; whereas, the adoption of any other site would be the addition of another navy yard similar in character to those we now have, which is not required.

The conflicting reports, and the conditions annexed to the law authorizing the Secretary of the Navy to receive and accept League island, have occasioned embarrassment, and I have therefore deemed it respectful to delay action until Congress should convene. As neither the harbor of New London nor the waters of Narraganset bay are adapted to the purposes and wants of an iron navy, whatever may be their advantages in other respects, and as League island has the requisites of fresh water, security from external enemies, and proximity to iron and coal, I propose to receive and accept for the government the munificent donation of the city of Philadelphia, unless Congress shall otherwise direct.

MATERIAL.

The time has arrived when, in order to maintain ourselves and our true position as a nation, we must have a formidable navy, not only of light draught vessels to guard our extensive and shallow coast, but one that with vessels always ready for the service, and of sufficient size to give them speed, can seek and meet an enemy on the ocean. In order to obtain the enormous steam power essential to great speed, we must have vessels of the greatest magnitude.

Vessels of wood will always be built; but the causes that have operated to retard the introduction of iron vessels are disappearing. The working of iron has been much simplified; its application facilitated; new tools and machinery for working it are constantly being invented and improved; artisans skilled in its manufacture are becoming more common, and the material more easily wrought.

The progress of events renders it certain that iron will hereafter enter largely into the structure of vessels for marine service, although it will never entirely supersede wood. Our country produces the material in abundance, and we have no occasion to seek it from abroad. While our forests are disappearing, inexhaustible resources in iron are being developed. That it is for the interest of the government to be prepared to meet some change in the material and structure of our naval vessels need not be repeated. It must provide the necessary yards and establishments for each, and have them properly located, in which to build its ships-of-war, and at least one of them should be specially adapted to iron. No private establishment can undertake such heavy work as the government requires for its armor and steam purposes. Possessing advantages that no other nation enjoys, we should avail ourselves of them. Our iron and coal are found in the same region, and we have fresh water rivers in which iron vessels can be docked and kept clean, and from which all enemies can be excluded.

In the construction of the iron and iron-clad vessels which the department has now in progress every effort has been made to have

them promptly completed. It is believed that nearly every rolling-mill has been engaged that is able to do the work; and yet these vessels are several months behind the time within which they were to have been completed. The department is convinced that the contractors have done their best; and yet it is with great difficulty that these comparatively small vessels and the moderate sized iron required can be procured for them as soon as wanted, so much does the demand exceed the capabilities of the mills to supply. These facts demonstrate the necessity for public works where vessels of great magnitude are to be constructed. Had the government been prepared for this heavy work, much of the delay which has embarrassed naval operations might have been avoided. Private establishments would have been relieved, and enabled to furnish a larger quantity within the scope of their own manufacture.

It is as important that the government should build its own ships of iron as of wood. If the apparent cost in either case is greater, the actual value is also greater. It is of the first importance that the material, whether of iron or wood, should be of the best quality; and as regards iron, this can be insured and made certain only by its being received and reworked at government establishments. The large quantities required will always enable the government to purchase on economical terms. It is well understood that the qualities of iron vary greatly, and the use of inferior kinds will be both injurious and expensive. Experiments with shot in target practice demonstrate that some qualities have much greater powers of resistance than others, and are therefore better for armature. Other qualities may better resist corrosion, and be more suitable to the action of sea water, and still others may be adapted to the internal parts exposed to different chemical action. These qualities and denominations will be ascertained by observations and tests that the government can alone well make and faithfully apply in the construction of its war vessels. Contractors and private establishments will not be equally vigilant and careful in making the proper selections and assortings.

An establishment such as the department has in view, and has heretofore recommended, will enable the government to have all the advantages of the best and most suitable descriptions in the construction of vessels of iron and of iron armature. Steam machinery, anchors, chain cables, and heavy iron work for the naval service, would be manufactured at the same establishment to advantage.

The necessity of such a dock-yard and establishment is becoming so important that I deem it proper again to present the subject to the consideration of Congress. As yet we have but few iron vessels, and these chiefly of foreign construction; but we have built and are building iron-clad vessels at private establishments—not one at our public yards.

In sustaining our position as a naval power we must be prepared for reverses that may befall us in battle or by calamities incident to ocean service. A wise precaution will always provide a reserve of ships to take the place of those that may be injured or destroyed.

Vessels should be in different stages of progress of construction, thereby giving constant employment to a certain number of skilful mechanics. Stores of material can well be accumulated in days of peace for the emergencies of war.

Such was the former policy of the government, and for many years an annual appropriation was made for the gradual increase of the navy. Under this policy there were in times of peace large accumulations of material at the different yards. It was from the stock thus collected and seasoned that our vessels were mainly built.

Gradually this policy was changed. Successive administrations, with a view to the appearance of economy and a show of small expenditure, restricted the estimates for supplies to amounts barely sufficient to keep its few ships afloat.

The war found us literally destitute of materials in our navy yards, as well as with but few ships to sustain the national integrity. From mistaken economy, or from design, the government was, in its need, deficient in ships and destitute of material for their construction. No alternative was left, when resistance was made, but for the department to build its vessels as speedily as possible, and of such timber as could, in the great haste and emergency, be procured. As a consequence, vessels that should have lasted for years will soon perish, and must in the meantime involve heavy expense for necessary repairs in order to keep them afloat.

As vessels of wood will always be used to some extent for naval purposes, and as they can, for the present at least, be constructed more speedily than of iron, it will be wise economy to have a reasonable quantity of timber always in store.

A special appropriation annually for the purpose of accumulating a stock of material must always be advantageous to the government. In that way the navy can be best and most economically supplied; can make better purchases, and have more time to examine and test the deliveries.

WESTERN DEPOT AND ESTABLISHMENT.

It will be advisable at an early period to establish a naval depot on one of the rivers in the valley of the Mississippi, where we now have a squadron equal in numbers to the whole navy of the United States at the commencement of this administration. The want of an establishment in that quarter, where vessels may be constructed, armed, and armored, equipped, and repaired, has been severely felt, and in the absence of such an establishment the department has been compelled to resort to expedients that may have been sometimes disadvantageous.

For an iron navy the great rivers of the west are well adapted, and the immense resources in iron and coal that are distributed throughout that region indicate what must be the undoubted policy of the government at no distant period in relation to such an establishment. The time may not have arrived when the selection of a permanent location for a navy yard and foundery shall be made, but

it must be in the near future, and until then the department will be dependent in a great degree on private establishments and such temporary arrangements as can be secured.

HARBOR DEFENCES.

A long period of peace had rendered the government inattentive to the defence of the harbors, and under recent alarms the municipal authorities of many of our cities have made application for naval vessels to protect them from apprehended danger. Although solicitous to relieve any portion of our citizens even from unnecessary alarm, the department could not furnish the force required for every place exposed, nor has it been anticipated that such force would be expected of the navy. It has been the understanding that the fortifications were to be relied upon as furnishing the required security, while the navy performed a different service. No longer ago than May last the chief engineer of the War Department in a communication to Congress states that "as a general rule, with hardly an exception, the permanent defensive works of the United States were designed to forbid the passage through the waters subject to their fire of hostile vessels, or to prevent the use of such waters by an enemy in his vessels, or to secure the use of the waters for our own vessels. So long as these forts fulfil these conditions our fortified ports, navy yards, and harbors of refuge will be secure against injury from an enemy's ships, and the waters protected by them will be available for the use of our vessels and forbidden to those of an enemy. That is to say, these forts are designed as defences against hostile military power afloat."

While there may be difference of opinions as to the views here expressed, there is none whatever that the fortifications at our principal ports should be, and doubtless are, adequate defences against any cruiser or cruisers that may be afloat in the cause of the insurgents. It has not therefore entered into the estimates and arrangements of the Navy Department to furnish vessels for the defence of our ports, nor to detach them from other imperative duties for that purpose, when other provisions have been made by the government and have been uniformly relied upon for their protection.

DOCKING.

Our facilities for docking ships are altogether inadequate to our naval wants, and in a foreign war with a formidable power our condition would be deplorable. We have but one dry dock at each naval station, and three of our six docks are of wood, being both perishable and combustible. The capacity of these docks is much below the size required for some of the vessels we are now building, and such as we must build for the future. Other nations, finding themselves in a similar condition, are now enlarging their dry docks; and we, having but three permanent ones, and they designed for vessels of less dimensions than some we now build, should have new and suitable ones, and their construction should be forthwith com-

menced. Some of them should be at least 550 feet in length, with a breadth of 80 feet, to admit of large increase. Docks of wood are too perishable, and require greater depth of water for heavy ships than our harbors can furnish.

The importance of constructing wet basins at such of the navy yards as are sufficiently capacious to admit of it, adverted to by the Chief of the Bureau of Yards and Docks, is commended to the consideration of Congress.

REORGANIZATION OF THE DEPARTMENT AND THE NAVY.

The act of the 5th of July last, reorganizing the Navy Department, creates three additional bureaus. This insures a much better distribution of the labors and very much simplifies and facilitates the business of the department. The law has so recently gone into operation, and the officers have so lately entered upon their duties, that the results and benefits are but partially developed. I am satisfied, however, even in this early stage of the proceedings, that the change will be productive of efficiency and economy, and be advantageous in every respect, while the energy and talent of the chiefs who have been brought into the counsels of the department will inspire it with additional vigor.

The greatly increased labor imposed upon the department in consequence of the greatly increased force both of men and vessels in service, with a vastly more active employment, calls for additional clerical force in order that justice may be done to the service and the government.

By the law of December 21, 1861, it was enacted that any naval officer whose name had been borne on the Naval Register forty-five years, or who had attained the age of sixty-two years, shall be retired from active service and his name be entered on the retired list of officers of the grade to which he belonged. The President, by and with the advice and consent of the Senate, was authorized to detail retired officers to active duty and might on their receiving a vote of thanks from Congress, upon the recommendation of the President, be restored to the active list, and not otherwise.

By the same law the President was authorized to select any officer from the grades of captain or commander and assign him to the command of a squadron, with the rank and title of "flag-officer," and the officer thus assigned was to have command in full as if he were the senior officer of the squadron.

The officers of our blockading squadrons and of the Mississippi flotilla were recognized flag-officers until the passage of the act of the 16th of July establishing the grade of rear admiral, when they received that appointment.

The act of July 16, 1862, "to establish and equalize the grade of line officers of the United States navy," does justice in conferring ranks and grades that had, until that time, been withheld from as meritorious and gallant a class of officers as ever devoted their days and perilled their lives for their country. Though the justice to

which they were entitled has been long delayed, it was gracefully and generously rendered by the present Congress, and has been and is appreciated by the brave men who are its recipients, and by all attached to the service, as a just recognition of the worth and ability of the officers of the American navy. It is a gratifying fact, also, that our countrymen have responded with such unanimity to the action of Congress, and that the unworthy prejudices against naval titles and honors that once existed have so generally disappeared.

The commanders of our squadrons now hold rank with those of other naval powers on the ocean, on distant service, and wherever they carry our flag or appear as the representatives of their country.

The operations and working of the law may be improved and modified, in some respects, without changing the general principles of the bill, which are correct.

Votes of thanks having been rendered Flag-Officers L. M. Goldsborough, S. F. DuPont, D. G. Farragut, and A. H. Foote, they were nominated to the Senate for the place of rear admiral on the day subsequent to the approval of the act. At the same time the names of Captains Charles Stewart, George C. Read, William B. Shubrick, Joseph Smith, George W. Storer, Francis H. Gregory, Eli A. F. Lavalette, Silas H. Stringham, and Hiram Paulding were sent in for confirmation as rear admirals on the retired list. The nominations not having been submitted until the closing hours of the session were not acted on by the Senate, but the officers have been continued in the places to which they were promoted. Officers commanding squadrons, who, by the act of December last, were entitled to the rank and title of flag-officers, have, since the passage of the act of July 16, been awarded, while on duty, the position of acting rear admiral, thereby conferring on them rank corresponding with that of officers in similar position in the navies of other countries, and relative rank with the army officers of our own, when co-operating or brought together on active service.

In pursuance of the requirements of the fourth section of the "act to establish and equalize the grade of line officers of the United States navy," directing that the "Secretary of the Navy shall appoint an advisory board of not less than three officers senior to those to be reported upon, who shall carefully scrutinize the active list of line officers above and including the grade of masters in the line of promotion, and report to him in writing those who, in the opinion of the board, are worthy of promotion," I, on the 22d of July, appointed Captain William B. Shubrick, president, and Captains Francis Gregory, E. A. F. Lavallette, W. H. Gardner, and William W. McKean, as members of the board.

This board assembled in Washington on the 24th July, and concluded their labors on the 5th of August. Notice was forthwith given the officers whom they had designated of their rank and position. The fifth section of the law enacts that "the officers recommended shall be immediately commissioned," but as the Senate was not then in session, and as the right of selection and appointment cannot be conferred on an advisory board, or by law or congressional

action to any other tribunal than is specified by the Constitution, the names recommended will be presented for nomination and confirmation, subject to the decision of the President and Senate respectively.

The law having made no express provision for officers not recommended by the advisory board, either by promotion or retiring them, a question arises as to the disposition that is to be made of the officers thus superseded, for it is presumed they are not to be dismissed, although a strict and literal compliance with the act would seem to require it. In another respect the law inadvertently does injustice to certain officers of the grade of captain, who, though meritorious, are superseded by the act.

These and some other defects and incongruities require remedial legislation, and I respectfully invite attention to them.

NAVAL ACADEMY.

The largely increased number of vessels, and the greatly augmented force of the navy in every respect, call for an additional number of educated and properly disciplined officers. But it is well known that, while the demand for officers has increased, there has been a large diminution of their number by the desertion of those who, at the commencement of the insurrection, left the service. Efforts to supply the deficiency, and meet our necessities from the Naval Academy as early as possible, have been attended with embarrassment from legislative action in regard to appointments. The school itself has been restricted, not only by its removal, but by the failure to complete the authorized number, in consequence of no selections of candidates having been made by representatives in many of the districts.

Whatever may be thought of the propriety of surrendering to the popular branch of the legislative department of the government appointments, or the control of appointments, expressly confided, in all cases, by the Constitution to other departments of the government, and never to either branch of Congress, or of the policy of mingling the legislative authority with executive duties, the practice of the department has been to make the rule of appointment accord with the laws which are enacted. It is not necessary to discuss in this place the right of Congress to prescribe the locality from which appointments shall be made. As an indication of a disposition that the naval officers should be distributed throughout the country, the Executive has made it a point to conform, as far as practicable, to the rule or regulation indicated in the several laws upon the subject. In consequence of the insurrection, however, and the neglect or refusal of several of the States to elect representatives to Congress, the number of midshipmen had become reduced at the period when the country required an increase, and the efficiency of the navy was thus impaired or diminished by the rebellion, for the suppression of which its fullest power was invoked. Notwithstanding the desire to conform to the wishes of Congress, so far as they could practically be carried into effect, it was deemed unwise to permit those who were waging war against the

government to weaken its energy and impair its strength, or to destroy or lessen our naval power by permitting the insurgents, through neglect, to reduce the numbers of so valuable an institution as the Naval Academy, through a literal adherence to regulations of doubtful constitutionality. Foreseeing this state of things, I have, in former reports, suggested to Congress that the Executive should have authority, in form of law as well as in fact, to select candidates for unrepresented districts as well as for districts whose representatives should have made no selection.

When, therefore, the period approached for the formation of the class of the present year, and there remained a large number of vacancies unsupplied, it was concluded to fill up the Academy by appointments for some of the vacancies created by the rebellion. Such a course of action, plainly demanded by the exigencies of the public service, appeared to be in accordance with the policy and spirit of the act of July 16, 1862, though some of the provisions of that act, as it was passed, appear to be expressed in inapt terms, and to be, indeed, to some extent, confused, if not contradictory.

The number of midshipmen authorized by law is 515; the number now in the Academy is 376, leaving 139 vacancies, and it is proposed, unless Congress shall otherwise direct, to form a second class at the half-yearly examination in February by appointments to all the existing vacancies, the representatives having an opportunity to select candidates from their respective districts, the places belonging to which have been made vacant. During the disturbed and unsettled condition of the school and the country, I have been under the necessity of detailing and ordering to active duty some of the officers connected with the institution, and, for the time being, have selected civilians as instructors or assistant professors.

Under the extreme pressure for trained and educated naval officers, the midshipmen of the two highest classes were last year detached from the school and ordered into active service. Two advanced classes have been formed, which are striving with commendable zeal to complete their studies a year within the prescribed period. Instruction in practical seamanship is continued during the whole academic year. The midshipmen are all organized in two ship's companies, each one having his station assigned him in all movements. In addition, they are embarked every week on board the practice ships John Adams and Marion.

I earnestly commend the Naval Academy to the fostering care of Congress, and reiterate my sense of its importance to the efficiency of the naval service. Its cost, even upon a liberal scale of expenditure, would be insignificant as compared with its usefulness when properly managed.

PRIZES.

Persistent and systematic efforts to evade the blockade, and to convey articles, contraband of war, to the insurgents, have led to many captures. At the date of my last annual communication, one hundred and fifty-three vessels were reported to have been seized by the blockading squadrons. There have been since captured, and re-

ported to the department, three hundred and ninety vessels of all descriptions, making a total of five hundred and forty-three vessels that have been seized since the blockade has been instituted. Some of the vessels captured which were frail and not calculated for a sea voyage, were destroyed, but most of them, including a number of valuable steamers, have been sent in for adjudication.

Some modifications of the laws relative to proceedings in prize cases were made during the last session of Congress, but further legislation would seem to be necessary to facilitate the adjustment of these cases, and insure the prompt distribution of prize money.

Of the large number of vessels sent in for adjudication, in only forty-five have the proceedings been brought to a close, and while several millions of dollars in amount have been captured, and are in process of condemnation, the amount yet ordered to be distributed is but $554,176 51. Of this sum $376,595 65 is under decrees of the court at Key West.

MARINE CORPS.

In submitting his annual report the colonel commandant of the marine states that the corps is now six hundred men short of the complement, as exhibited by the general return, while, in his opinion, an increase of five hundred men, with a proportionate number of officers, is required.

There has always been a divided opinion among naval officers in regard to maintaining a distinct organization of marines for service on ships-of-war, even before the great change which the service has undergone by the introduction of steamers, with their corps of engineers, firemen, and attendants. An incongruity attaches to the system, for the marines are partly under the army laws and regulations, and partly under the naval code. On shore they are paid by a marine paymaster, on shipboard by a navy paymaster. They are subsisted on the army ration on shore, while on shipboard they have the navy ration. Consequently the condition of the marines vary from shore to ship, or ship to shore, as they may be employed.

It would be better were the corps to be permanently attached to either the naval or army service, instead of occupying an equivocal attitude as regards both.

The discipline and proficiency of the corps are reported to be satisfactory.

It is respectfully submitted that it is due to the corps, from its numbers and position, that the commander should be made a brigadier general, and thereby have rank corresponding with like commands.

SEAMEN AND EMPLOYEES IN NAVY YARDS.

The number of persons employed on board of our naval vessels, including receiving ships and recruits, is about 28,000; and there are not less than 12,000 mechanics and laborers employed at the different navy yards and naval stations.

It would be difficult to state the number employed at private yards and establishments on government work and under contracts with the department.

THE BUREAUS.

The reports of the several bureaus connected with the department exhibit in detail the operations of the year in all matters pertaining to them respectively.

The chief of the Bureau of Yards and Docks details specifically the various changes that have been made during the past year in the different navy yards, and gives his reasons at length for not purchasing land on Seavey's island, for which a contingent appropriation was made at the last session of Congress. He also offers some suggestions relative to the location of a navy yard to meet the wants of the country in the construction of iron and armored vessels.

The chief of the Bureau of Construction submits the usual statistics connected with his department. The large expenditure and vast details that devolve on this officer make his duties at all times arduous and responsible, and they have been immensely increased by the times, yet they have been met and discharged with unwearied assiduity. By the establishment of the Bureau of Equipment, the labor of the construction bureau will be greatly relieved; yet it must, under any circumstances, be onerous and responsible.

The improvements in ordnance equal, perhaps, if they do not excel, those which are made in armature. On this subject great progress has been made within a few years, and the theory and practice, under the direction of the skilful officer who has given it his special attention, and whose abilities in that capacity originally caused him to be detached from active duty afloat, and whose great services led him to be placed at the head of the Bureau of Ordnance, have elevated the standard of ordnance in the navy.

Like every other branch of the public service, that of ordnance was wholly unprepared for the great crisis that befel the country in 1861, and one of the most embarrassing difficulties at the commencement of our national troubles was that of procuring ordnance as rapidly as was required for our increasing navy. To remedy the deficiencies and wants when our vessels were multiplying, we were compelled for a time to revert to old artillery which had been discarded, and to avail ourselves of extraordinary means to meet the then existing necessities. These difficulties have been, in a measure, overcome, and our ordnance is greatly improved and improving.

It gives me pleasure to invite attention to the elaborate and exceedingly interesting report of the chief of the Bureau of Ordnance, and to ask the favorable consideration of Congress to his suggestions, particularly those recommending an ample supply of munitions in advance for the service.

The chief of the Bureau of Provisions and Clothing transmits the usual abstracts and statements of the operations of his department, and calls attention to the working, particularly in time of war, of the present contract system as required by law. In some respects it may

be modified for the better, and if the article of bread, and perhaps other naval supplies, were taken from the list of contract articles the government might be better served. The chief of the bureau recommends the establishment of a government bakery, and is of opinion that a more satisfactory article than is now furnished, and one less liable to deterioration, would be made, and with economy to the government. The change would undoubtedly have its advantages, and is commended to favorable consideration. It is also suggested that owing to a change in the character of naval vessels the pay of clerks to paymasters is wholly inadequate and disproportioned to the salary of other officers.

With the enlargement of the naval force, a corresponding increase has been required in the medical department. The report of the chief of the Medical Bureau furnishes the usual items of expense and the statistics for the year of the sick, killed, and wounded. One hundred and ninety-two have been killed, four hundred and seventy-four wounded, and twenty-three thousand one hundred and sixty-one have been under treatment. The total number of deaths has been one hundred and seventy-eight, a per centage of 0.77 to the whole number of cases treated. At the last session of Congress an appropriation of $10,000 was made for the erection of a hospital on Seavey's Island. The sum is deemed inadequate, and the appropriation was so connected with the purchase of land that it has been unavailable. Twenty thousand dollars is desired for a hospital at Portsmouth, New Hampshire, disconnected with propositions for the purchase of land, leaving the site to the judgment of the department. As additional hospital accommodations are urgently needed, I recommend the applications to early and favorable consideration.

The Bureaus of Equipment and Recruiting, Steam Engineering and Navigation, having been organized subsequent to the close of the fiscal year, have only submitted estimates for the coming year.

EXPENSES AND ESTIMATES.

The appropriations made at the regular and special sessions of Congress for the fiscal year ending June 30, 1862, were $43,615,551 77. The expenses of the department during the same time were $42,200,529 96—leaving an unexpended balance of $1,415,021 81. The amount expended includes the payment for the construction of fifty-two steamers; the purchase, alterations, and armament of one hundred and seventy-five steamers and sailing vessels; all the charter-money paid by the department, together with all the increased expenses incident to the enlarged navy. The amount appropriated for the current fiscal year, (ending June 30, 1863,) is $52,814,359 07. The estimates submitted for the fiscal year ending June 30, 1864, amount to $68,257,255 01, viz:

Navy proper	$65,096,277 70
Marine corps	1,248,417 31
Navy yards	1,604,123 00
Hospitals	82,400 00
Magazines	33,522,00
Miscellaneous	192,515 00
	68,257,255 01

The objects for which the appropriations are required are given in detail in the reports of the chiefs of the bureaus and the commandant of the marine corps.

CONCLUSION.

I have thus endeavored to place before you and the country an exposition of the action of the Navy Department, and of the achievements of the navy during the past year. My account is, I am aware, necessarily imperfect, and I therefore again refer for interesting and important details to the subsidiary reports herewith presented, which I commend to the attention of the government and the country. If what I have written shall be considered as attesting in any degree the foresight and energy of this department, then I request that a generous measure of approbation may be awarded to those by whom I have been officially aided. I esteem myself and the country fortunate in the selection of those who have been associated with me in administering the duties of this department. In the Assistant Secretary I have ever found an able, earnest, and efficient coadjutor. And it gives me pleasure to acknowledge the aid which I have at all times received from the energy, experience, and wise counsel of the several Chiefs of Bureaus in my administration of our naval affairs, and which have been of the highest value to the service and the country.

But most of all do I commend to the gratitude and praise of their government and country the officers and men of the naval service. In my last annual report I said that in their hands the historic renown of the American navy had been elevated and augmented. Another year of their heroic and triumphant service authorizes and impels me now to state that no country ever owed a higher appreciation to its navy than is justly due to ours. No choice of naval officers for high commands or important administrative positions was ever more fortunate or successful.

For myself I claim only the merit—which, being manifest official obligation, can scarcely be considered a merit—of having in a conscientious spirit devoted in this memorable crisis of our history, with unwearied and unceasing effort, my best powers to the performance of the arduous and responsible duties of the head of this department.

GIDEON WELLES,
Secretary of the Navy.

To the PRESIDENT.

REPORT

OF

THE SECRETARY OF WAR.

WAR DEPARTMENT, *December* 1, 1862.

SIR: That portion of the United States which is now, or has been during the last year, the scene of military operations, is comprised within ten military departments. The armies operating in these departments, according to recent official returns, constitute a force of (775,336) seven hundred and seventy-five thousand three hundred and thirty-six officers and privates, fully armed and equipped. Since the date of the returns, this number has been increased to over eight hundred thousand men. When the quotas are filled up, the force will number a million of men, and the estimates for next year are based upon that number.

The middle department, comprising the States of Pennsylvania, Maryland, New Jersey, and Delaware, and the department of Virginia have been the scene of important military operations, concerning which detailed reports have not been made by the commanding generals to this department. Your knowledge of the character and result of these operations dispenses with the necessity for any review until the final reports are made. The preliminary reports of Major General McClellan of the battles before Richmond, and of the battles of Antietam and South Mountain, and the report of the general-in-chief, are submitted. The communications between this department and the respective commanders were prepared under a resolution of the Senate at the last session, and will be transmitted to Congress whenever you shall be pleased to give your sanction.

The report of General Halleck, the general-in-chief, exhibits the operations in these departments since the 23d of July, the date at which, under your order, he assumed command of all the armies of the United States. If the campaigns of the armies in these departments have not equalled in their results the expectations of the government and the public hope, still they have not been unproductive of good result. The valor of our troops has been displayed upon many occasions, and the skill and gallantry of their officers have been distinguished at Yorktown, Williamsburg, Fair Oaks, Gaines's Mill, Malvern Hill, Cross Keys, Cedar Mountain, Chantilly, and other places, enumerated in the reports herewith submitted. The invading army which recently threatened the capital and the borders of Maryland and Pennsylvania has been driven back beyond the Rap-

pahannock; Norfolk, captured by Major General Wool, is in our possion; Suffolk and Yorktown are held; a strong army corps, under its vigilant and efficient commander, Major General Dix, at Fortress Monroe, threatens and harasses the enemy; and, what is especially gratifying, it has been proved that the loyalty of the State of Maryland cannot be shaken even by the presence of a rebel army.

The official reports received at this department show that the military operations in the west, during the past year, have been both active and successful. The beginning of last winter found the rebel armies of Price and McCullough in possession of all the northwestern portion of Missouri, while many of the counties north of the Missouri river were in a state of insurrection. Our forces were concentrated at Rolla and Sedalia. As soon as the rebels could be driven from the northern counties and our armies reorganized, active operations were commenced, notwithstanding the inclemency of the season and the bad condition of the roads. On the 18th of December a considerable number of the enemy were cut off and captured at Milford, while on their way to join Price on the Osage river. The forces at Rolla, under General Curtis, moved toward Springfield, which compelled Price to fall back into Arkansas, where he was joined by Van Dorn. A severe battle was fought at Pea Ridge, Arkansas, on the 6th, 7th and 8th of March, between the combined armies of the enemy and General Curtis's force, in which the latter gained a complete and decisive victory.

The gunboats, under Flag-Officer Foote, and the troops at Cairo, under General Grant, moved up the Tennessee river for the reduction of Forts Henry and Donelson. While Grant's troops were marching to surround the former place, it was attacked by the gunboats, and reduced on the 6th of February, after a short but severe engagement. General Grant then marched across the peninsula and attacked Fort Donelson. After several days' hard fighting, that place also capitulated on the 16th, with its armament and garrison, except a small force which crossed the Cumberland in the night and effected their escape. This victory caused the immediate evacuation of Bowling Green and Nashville, and, soon after, of Columbus and the greater part of Middle Tennessee.

While Grant and Buell were concentrating their armies on the Tennessee river, near the head of navigation and great lines of railroad communication, General Pope moved down the west bank of the Mississippi, captured New Madrid, and, crossing the river below the enemy's batteries on and near Island No. 10, compelled the garrison to capitulate on the 7th and 8th of April.

General Grant had crossed the Tennessee and taken position at Pittsburg Landing, in anticipation of the arrival of Buell. The enemy advanced from Corinth and attacked Grant on the morning of the 6th of April. A severe battle ensued, which continued till dark—the left of our line being driven back nearly to the river. A portion of Buell's forces arrived in the afternoon and during the night, and the battle was renewed at daylight on the morning of the 7th. The

enemy was driven back at every point, and, in the afternoon, fled from the field, leaving their dead and many of their wounded in our hands.

Finding that the armies of Price and Van Dorn had been withdrawn from Arkansas to Corinth, and all the available troops of the southwest concentrated at that place, orders were sent for General Pope and a part of General Curtis's troops to re-enforce our army on the Tennessee. The latter had long and difficult marches to make, and did not reach their destination till the latter part of May. As the enemy's position at Corinth was strongly fortified and very difficult of attack at that season of the year, on account of the deep marshes by which it was surrounded, General Halleck, while awaiting the arrival of re-enforcements from Missouri, approached the front by means of trenches, and movable forces were sent out to cut the railroads on the flanks. By the 29th of May three of the four railroads running from Corinth had been destroyed, and heavy batteries established within breaching distance of the enemy's works, ready to open their fire next morning. The enemy evacuated the place in the night, destroying the bridges and breaking up the roads in his rear. As all the streams were bordered by deep and impassable marshes, the enemy could not be pursued without rebuilding the bridges and reopening the roads. The corps of Buell and Pope followed the enemy about fifty miles into the swamps of Mississippi, capturing a considerable number of stragglers and deserters, when the want of supplies compelled them to discontinue the pursuit. The reduction of Corinth caused the immediate evacuation of Forts Pillow and Randolph, and the city of Memphis. The flotilla and ram-fleet attacked and destroyed the enemy's gunboats, opening the Mississippi river to Vicksburg.

Meanwhile General Curtis, with the remainder of his army, marched through the northeast part of Arkansas, and after several successful engagements reached Helena, where he established a depot of supplies for future operations.

General Buell had, during the autumn of 1861, collected a large force at Louisville and in other parts of Kentucky. While his main army advanced towards Bowling Green, General Thomas's command was pushed forward to the Upper Cumberland. On the 19th of January he encountered the forces of Zollicoffer, and, after a severe battle at Mill Springs, defeated and utterly routed them. On the evacuation of Bowling Green and Nashville, General Buell's army pursued the enemy to Murfreesboro' and Columbia, and from the latter place the main body was marched to Savannah and Pittsburg Landing.

The great mass of the enemy's forces in the southwest being at this time concentrated in the vicinity of Corinth, the division of General Mitchell advanced to Decatur, in Alabama, and afterwards occupied most of the country in the direction of Chattanooga. The column of General G. W. Morgan, after several engagements with the enemy, in the vicinity of Cumberland Gap, took possession of that important place. The later operations in the west are described in the report of the general-in-chief.

Four military departments are now organized in the territory where these operations were carried on, viz: the departments of the Ohio, of the Missouri, of the Tennessee, and of the Cumberland, and their present military condition will hereafter be noticed.

In the department of North Carolina the successful expedition of Major General Burnside, by the occupation of Roanoke Island, Newbern, and the reduction of Fort Macon, struck a heavy blow; and under a military governor, the honorable Edward Stanley, the protection of the laws has been extended to the loyal inhabitants of that State, and facility afforded for organizing a civil government and casting off the rebel yoke.

In the department of the south active operations have been for a time suspended by the presence of yellow fever and by the death of Major General Mitchell, the late gallant commander of that department. A premature attack upon Charleston, against the orders of the then commanding general, resulted in the failure that was apprehended by him. The capture of Fort Pulaski, by Major General Hunter, has effectually closed the port of Savannah, and the government securely holds Hilton Head and Beaufort. The enemy was forced to abandon the siege of Fort Pickens, and other portions of Florida are in our occupation. A recent expedition along the coast was attended with success, detailed in the report of the general-in-chief.

In the department of the Gulf the operations of Major General Butler have been distinguished by great energy and ability. The occupation of New Orleans and the control of the mouth of the Mississippi have been among the most brilliant and important results of the war. The period is believed to be not far distant when all the rebel forces will be driven from the banks of the Mississippi, and the navigation of that river rendered secure.

The recent operations in the department of the Missouri are detailed in the report of the general-in-chief. The State of Missouri is believed to be secure against any aggression by the enemy, and in the State of Arkansas the dispersion of the rebel forces will enable the military governor of that State to take proper measures for the restoration of the civil authority of the United States within its borders.

The department of the northwest, embracing the States of Iowa, Minnesota, Wisconsin, and the Territory of Dakota, was organized for the emergency occasioned by an Indian outbreak, and placed under command of Major General John Pope. The Indian hostilities have been suppressed, and further trouble from that source is not apprehended. Such force as may be deemed requisite by the military authorities will be held in readiness for any sudden necessity. The Indian hostilities in Minnesota, by whomsoever instigated, seem to have been accompanied with more than usual cruelty and outrage. Heavy losses in property are said to have been endured by the inhabitants, and application has been made to this department for compensation. As it has no funds applicable to that purpose, nor authority to assess the damages, the subject will require congressional action. Three hundred captured Indians have been tried by court-martial, and their sentence of death is now under your consideration.

The rebels under Sibley were driven from the department of New Mexico by General Canby, and the force in that department, now under command of General Carleton, will be able to protect the inhabitants of that remote Territory.

The department of the Pacific has been free from any of the calamities occasioned by the rebellion; but an earnest and deep sympathy has been manifested by the loyal citizens of the Pacific States in support of the Union cause. Volunteers have come forward to fill the ranks of the army, and, with unparalleled liberality, large sums of money have been transmitted by humane and loyal citizens of California for the relief of our sick and wounded soldiers. The patriotic loyalty of our brethren on the Pacific, thus humanely exhibited, evinces their estimate of the value of the Union, and their willingness to share the burden of maintaining it from sea to sea.

In the department of the Ohio the invasion of Kentucky by General Bragg, the terrible battle of Perrysville, and the escape of Bragg's army, were events that pressed heavily upon the government, and moved deeply the hearts of the people, especially in the western States. These events are about to undergo investigation, and when the causes to which they are attributable are judicially ascertained they will be laid before you for your action. Recent events prove that whatever hold the spirit of rebellion may once have had in Kentucky it is now to be reckoned as a State loyal and steadfast to the Union.

The department of the Tennessee is now under command of Major General Grant. The principal operations in that department have already been alluded to, and are detailed in the report of the general-in-chief. Their importance cannot be over-estimated. The occupation of Memphis—next to New Orleans, the principal mart on the Mississippi—and the wise and vigorous measures of Major General Sherman, commanding there, have opened a market for cotton and other southern products, the beneficial effects of which are already felt in the reviving commerce of the country.

The department of the Cumberland, embracing that portion of the State of Tennessee east of the Tennessee river and the Cumberland Gap, was placed, upon the removal of General Buel, in command of Major General Rosecrans. Having a well-disciplined and gallant army under his command, a proper degree of diligence and activity cannot fail to exercise an important influence upon the speedy termination of the war.

From a survey of the whole field of operations, it is apparent that whatever disasters our arms may have suffered at particular points, a great advance has nevertheless been made since the commencement of the war. When it began the enemy were in possession of Norfolk and every port of the southern coast. They held the Mississippi, from Cairo to New Orleans. Now the blockaded ports of Charleston and Mobile only remain to them on the seaboard, and New Orleans and Memphis have been wrested from them. Their possession of Vicksburg obstructs the Mississippi, but it is to them of no commercial use. Their strongholds on the Tennessee and Cum-

berland rivers have been captured. General Andrew Johnson, as military governor of Tennessee, holds Nashville. The enemy have been driven from Kentucky, West Tennessee, Missouri, part of Arkansas; are fleeing before Grant in Mississippi, and all their hopes of Maryland are cut off. In commercial, political, and strategical points of view, more success has attended the Union cause than was ever witnessed upon so large a theatre in the same brief period against so formidable an enemy.

The Union forces are now in the field under able commanders, stronger than ever, resolute, and eager to be led against the enemy, and to crush the rebellion by a vigorous winter campaign. The armies of the Potomac and of the west stand ready to vie with each other in quickest and heaviest blows against the enemy. Taught by experience the ruin of inaction and the hazard of delay, a spirit of earnest activity seems to pervade the forces of the United States beyond what has hitherto been exhibited. In the numerous battles and engagements that have occurred, our armies in general displayed the courage and determination that should inspire officers and soldiers fighting in defence of their government. Many gallant lives have been lost, and many brave and distinguished officers have fallen. For the dead deep sorrow is felt by the government and people of the United States. A detailed report of those who have fallen in battle, or have distinguished themselves in the field, will be presented to you as soon as all the necessary official reports can be obtained. Some promotions in reward of gallant service have already been made from the ranks, and to high command; others have been delayed for want of the reports of subordinate commanders, in order that promotion may be governed, not by partiality or prejudice, but upon due consideration of relative merit. By a resolution of Congress passed at the last session, the President was authorized to distribute two thousand medals to private soldiers of distinguished merit. From different specimens a selection has been made, and the medals are to be ready in January for distribution.

The reports of the adjutant general, quartermaster general, commissary general, chief of ordnance, chief of engineers, chief of topographical engineers, paymaster general, and surgeon general, herewith submitted, show the operations of the respective bureaus of this department during the past year. Some of them contain details and information which, for obvious reasons, ought not to be placed, by publication at present, within the reach of the enemy. Whatever details relating to the public security, contained in these reports and not herein stated, which may be required for the information of Congress or congressional committees, will be furnished under your direction.

The adjutant general's office is charged, among other important duties, with the business relating to enlistments, recruiting, and drafting militia. Under your calls of July and August there are already in the field over four hundred and twenty thousand new troops, of which three hundred and ninety-nine thousand (399,000) are volunteers, three hundred and thirty-two thousand (332,000) of

whom have volunteered for three years or during the war. It will be remembered that the call was made at one of those periods of despondency which occur in every national struggle. A chief hope of those who set the rebellion on foot was for aid and comfort from disloyal sympathizers in the northern States, whose efforts were relied upon to divide and distract the people of the north, and prevent them from putting forth their whole strength to preserve the national existence. The call for volunteers and a draft of the militia afforded an occasion for disloyal persons to accomplish their evil purpose by discouraging enlistments, and encouraging opposition to the war and the draft of soldiers to carry it on.

Anxiety was felt in some States at the probable success of these disloyal practices, and the government was urged to adopt measures of protection by temporary restraint of those engaged in these hostile acts. To that end provost marshals were appointed in some of the States, upon the nomination of their governors, to act under the direction of the State executive, and the writ of *habeas corpus* was suspended by your order. By the order of the department arrests were forbidden unless authorized by the State executive or by the judge advocate. Some instances of unauthorized arrests have occurred, but when brought to the notice of the department the parties have been immediately discharged. By a recent order, all persons arrested for discouraging enlistments or for disloyal practices, in States where the quotas of volunteers and militia are filled up, have been released. Other persons, arrested by military commanders and sent from departments where their presence was deemed dangerous to the public safety, have been discharged upon parole to be of good behavior and do no act of hostility against the government of the United States. While military arrests of disloyal persons form the subject of complaint in some States, the discharge of such persons is complained of in other States. It has been the aim of the department to avoid any encroachment upon individual rights, as far as might be consistent with public safety and the preservation of the government. But reflecting minds will perceive that no greater encouragement can be given to the enemy, no more dangerous act of hostility can be perpetrated in this war, than efforts to prevent recruiting and enlistments for the armies, upon whose strength national existence depends. The expectations of the rebel leaders and their sympathizers in loyal States that the call for volunteers would not be answered, and that the draft could not be enforced, have failed, and nothing is left but to clamor at the means by which their hopes were frustrated, and to strive to disarm the government in future, if, in the chances of war, another occasion for increasing the military force should arise.

Beside aiding State authorities respecting the draft and enlistments, another important duty is assigned to the provost marshals. The army returns and the report of the general-in-chief show that a large number of officers and enlisted soldiers, who are drawing pay and rations, are improperly absent from their posts. The pursuit of such persons and their compulsory return to duty is a necessary function of a provost marshal, and such number only as may be required

for that purpose will be retained in the service. The pay and bounty allowed by act of Congress to recruits have afforded strong temptation to practice fraud upon the government by false returns on muster-rolls and false charges for subsistence. Diligent efforts are being made for the detection of all such practices, and to bring the guilty parties—some of whom have held respectable stations in society—before a proper civil or military tribunal as soon as the necessary preliminary investigations by the judge advocate can be completed. The same course is being pursued in respect to fraudulent contractors and disbursing officers.

The expenditure for enlistments, recruiting, drilling, and subsistence of volunteers, regulars, and militia, amounts to the sum of twenty millions six hundred and ninety-two thousand two hundred and eighty-two dollars and ninety-nine cents, ($20,692,282 99.)

In some States the whole quota of volunteers and militia called for was entirely filled up by volunteers, without draft. In some the whole number of volunteers was raised, and a part of the militia. Other States are deficient in volunteers and have not yet made their draft, but have taken measures for that purpose. Illinois and Iowa have furnished more volunteers than their quota under both calls. The general acquiescence of all the loyal States in the measures deemed necessary to strengthen the armies and prosecute the war, at every hazard, to final success, proves the fidelity of the people to their government, and their determination to maintain its unity and uphold its authority over the whole territory of the United States. Wherever any forcible opposition to the draft has appeared it was confined to narrow limits, and was suppressed by the action of the State authorities, through the provost marshal, without the intervention of any armed force of the general government.

The advantage of filling up the old regiments is shown by many considerations. Various expedients have been adopted to accomplish that object. The official returns show that since the call for volunteers forty-nine thousand nine hundred and ninety (49,990) recruits have been added to the old regiments. By the aid of some legislation, it is hoped that this important object may be effectually attained.

The adjutant general's office has also had charge of the exchange of prisoners. In the month of July a cartel of exchange was arranged by General John A. Dix, on the part of the United States, and General Hill, of the rebel army, under which large numbers of prisoners of war have been exchanged. There still remain some paroled prisoners belonging to the United States army, whose exchange will be effected at the earliest opportunity.

Experience has shown that serious defects exist in the militia law, which should be promptly remedied, and that the laws in relation to volunteers also need amendment. The views of the department on these subjects will be communicated to the appropriate committees of Congress. The patriotic zeal and efficient aid cordially rendered by the respective governors of the loyal States in the laborious and complicated duties pertaining to raising the volunteers and making the draft are thankfully acknowledged by this department.

One of the principal bureaus of this department, in respect to the amount of expenditure and the magnitude of operations, as well as their influence upon military movements, is that of the quartermaster-general. His able and elaborate report will be found worthy of your special observation. It presents a general statement of the operations of the department under his charge during the fiscal year. The clothing and equipage of the army: all that relates to its shelter in camp, in barracks, or on the march; the organization, equipment, and care of the baggage and supply trains; the purchase and charter of transports; the transportation of troops and supplies of all kinds; the repair and reconstruction of bridges, railroads, and common roads; the supply of forage for the army, of horses for the cavalry and artillery, of harness, except for the cavalry and artillery, of wagons, ambulances, hospital transport carts, and all the vehicles of the trains, except artillery carriages and caissons; the supply of labor other than that of troops; the payment of soldiers on extra duty; the erection of barracks, hospitals, and stables; the supply of tents; the care of refugees and prisoners; and generally all the expenses attending the operations and movements of an army not specifically assigned to some other department, fall within the duties of the quartermaster's department. The extent of the issues of some of the most important materials of war are set forth in tables attached to the report. A full statement of the expenditures of the fiscal year is given, and it will be seen that, while the army is reported to have been successfully and promptly furnished with all the supplies which it is the duty of the quartermaster's department to provide, the department has not had at its command facilities for completing, as promptly as the interest of the government and of the officer, requires the examination of the voluminous accounts of its disbursing agents.

The magnitude of the operations for the supply of the army are set forth in the report, with remarks upon the means of reducing expenditures, and providing for a more speedy settlement of accounts, and a more strict accountability for public money and property.

It will be seen that the quartermaster's department, upon which, under the law of 17th July, providing for the employment of colored persons, the charge of such persons is chiefly imposed, has not found itself burdened with their care, but that it has, on the contrary, derived valuable aid from their labor, and, in a considerable portion of its field of operations, has thus far suffered from a scant rather than from too great a supply of such labor. In Louisiana, where at one time there were apprehensions of embarrassment from the number of refugees, the reserve of a tract of rich land along the railroad to Berwick's bay opens up a territory in which many thousands can be profitably employed, if placed under proper regulation and control. At Port Royal such persons have been extensively employed in the work of the quartermaster's department, and in cultivating some thousands of acres of the sea islands of the coast, the products of which are used in the support of themselves and families. In the operations of the army on the James river and upon the Potomac, in the fortifications of Washington, and as laborers, teamsters,

ostlers, in landing and shipping stores, they have been of great service; and the demand for their labor has exceeded the supply available.

The successful movement of the various expeditions by sea, the transportation of such large bodies of troops, and their regular supply at distant points of the coast, afford striking proofs of the greatness of the military resources of the nation. These movements have been upon a scale of great magnitude. The collection of the vast armies which have been raised, and their transport to the field of operations in so brief a period, would not have been possible but for the extent of our system of steam transport by railroad, river, and sea.

It has not been found necessary to exercise within the loyal States the power conferred upon the President by law, to take actual military possession of the railroads of the country. The various companies met in convention in this city, united in proposing a uniform tariff for government transportation, which appears to be just and equitable, and they have performed all the services required of them by the department with a promptness, efficiency, and cheerfulness which do honor to the patriotism of their managers.

Upon the railroads within the sphere of active hostilities the war has borne with crushing severity. Some—as the Baltimore and Ohio railroad, the Louisville and Nashville railroad, and the Missouri railroads—have with great energy repaired their bridges, restored their tracks and replaced their rolling stock at their own expense. Others, abandoned by their disloyal owners and managers, have been taken possession of, and repaired, stocked, and managed by the quartermaster's department. These works have involved great expenditures; but they were indispensable to the supply of the army, and less costly than the preparation, if that had been possible, of any other sufficient means of transportation.

The quartermaster's department constructed, during the fiscal year, a fleet of iron-clad gunboats and of steam rams, which was officered and manned by the Navy Department and the War Department conjointly, and which has proved most efficient as an aid in the military operations which restored to the government the control over the greater part of the western rivers. Under the law of 16th July last the gunboat fleet has been entirely transferred to the Navy Department. The fleet of steam rams still remains in charge of this department.

Your attention is invited to the increase of the force in the engineer, ordnance, and quartermaster's departments, proposed by a bill which passed the House of Representatives on the 9th of July last, and which is among the unfinished business of the last session. It is believed that, if it becomes a law, the efficiency and usefulness of these several important departments of the army will be increased. The necessity of providing more room for the records and examining officers of the quartermaster's bureau, by the extension of Winder's building, is also respectfully suggested to your attention.

The commissary of subsistence reports that the armies throughout our extensive territory have been supplied with good and wholesome subsistence—generally by advertisement for bids in the cities of Boston,

New York, Philadelphia, Cincinnati, Louisville, Baltimore, St. Louis, and San Francisco. Fresh beef has generally been supplied to our armies in the field on the hoof, and in larger proportion of the ration to marching columns, to lessen, as far as possible, the quantity of transportation required. The troops on the coast of the Carolinas and at the Gulf posts, including New Orleans, have received their fresh beef by shipment from New York; it is hoped that during the coming year it may be procured from Texas.

In addition to the troops, subsistence has been furnished to all political prisoners and prisoners of war, to a large number of contrabands, and to the suffering Union inhabitants found in the march of our armies in the Confederate States. In a late report of the general-in-chief to this department, it is said that no armies of the world are so well supplied as the armies of the United States.

The ordnance bureau, as appears from the report of its chief, has displayed a vigor and activity unsurpassed by any other department. Notwithstanding the extraordinary demand occasioned by the new levies and enormous loss of arms by the casualties of war, and, in some instances, by the misconduct of officers and men, this bureau has supplied every call, and has been able to arm over four hundred thousand new troops suddenly called into the field. The first class of arms has been apportioned among the troops of the respective States, and just equality of distribution has been the rule of the department. A great diversity of opinion prevails in respect to arms, and often with little reason. The department has aimed, as far as possible, to gratify the choice of every one, and, where that could not be done, the troops have in general readily acquiesced in the necessity of the case, relying on the department for exchange when it should be able to make one. You will perceive, by the report as to the production of our armories, that the time is not far distant when the government will be able to place, from its own manufactories, the best arm in the hands of every soldier. The report also shows what provision has been made for supplies of gunpowder, saltpetre, materials, and munitions of war of every description.

Every means the country affords has been put forth to complete the armaments of our forts and fortifications for the defence of harbors and coasts, as is shown by the report of this bureau. These details are, for obvious reasons, not now stated, and the legislation required by this branch of the service will, by your direction, be communicated to the appropriate committees.

In general terms, it may be stated that the issues by the ordnance department include 1,926 field and siege, and 1,206 fortification cannon; 7,294 gun-carriages, caissons, mortar-beds, travelling forges, and battery wagons; 1,276,686 small arms; 987,291 sets of equipments and accoutrements; and 213,991,127 rounds of ammunition for artillery and small arms—still leaving large supplies of ordnance stores at the arsenals and depots. The breaking out of the rebellion found us with insufficient supplies for the forces thereby rendered necessary, and without the means of their immediate procurement from our public arsenals and the private manufactories fitted and

ready for such work. The policy of the department to procure all such supplies of home manufacture could not be rigidly followed, and recourse was had to purchases and importations from abroad, in order to meet pressing requirements. The vast demand suddenly springing up, without any immediate increase of the supply, led to speculations and exorbitant prices. On a report from the ordnance bureau in respect to outstanding contracts for arms, I appointed a commission to investigate these matters, and their report is herewith submitted. The measures which have been adopted to procure such supplies, by increasing the capacity of our public arsenals and developing the private sources of home manufacture, will soon enable this department to obtain supplies of this description, independently of importations from abroad, and at fair and reasonable rates.

The subject of arming the fortifications, particularly those defending the harbors of our principal Atlantic ports, has received special attention, and all the means at the disposal of the department have been applied to that end, so far as was possible and consistent with meeting other imperative requirements. In consequence of the introduction into naval warfare of iron-clad vessels, comparatively safe from the effects of such batteries as had hitherto been sufficient to guard effectually against the passage of hostile vessels, it became necessary to provide heavier and more powerful ordnance. The whole system of such armament was carefully revised and amended by a board of the most experienced and competent officers, and measures have been taken to carry their recommendations into effect.

I desire to call special attention to the necessity of providing additional means for the storage and preservation of ordnance supplies, as recommended in the report of the chief of ordnance. When it is considered that we have now no more facilities for this purpose than when our military organization included an army of not over eighteen thousand men, the absolute necessity of a far more ample provision of such facilities will be manifest. The plan for this purpose, as stated in the report from the ordnance bureau, is believed to be the best that can be devised, and by no means too extensive in its provisions to meet our absolute wants, now and for the future; and I commend it for favorable consideration, and for such legislation as may be necessary. I concur also with the chief of ordnance in his remarks relative to the onerous duties, considering its present limited number of officers, which have devolved upon that branch of the service, and to the industry, zeal, and fidelity with which those duties have been discharged. They are deserving of the measures suggested for their recognition and reward.

An act of the last session of Congress provided for the establishment of armories at Columbus, Indianapolis, and Rock Island. By order of this department the selection of proper sites was intrusted to Brigadier General Buckingham, whose report, approved by the chief of ordnance, is herewith submitted. Measures to procure the needed State legislation and the approval of title will be promptly taken.

During the recess of Congress the necessities of the service re-

quired the old penitentiary of this District for the use of the arsenal, and, by your order, the convicts were removed to the State of New York, and the penitentiary buildings devoted to the purposes of the arsenal.

The attention of the department has been earnestly directed to the forts and fortifications for coast and harbor defence. A personal inspection of these important works has been made by General Totten, the distinguished chief of engineers. The grants made by Congress for fortifications at its last session amounted to $5,535,000 for permanent works, and $750,000 for temporary works. The chief of engineers reports that these sums admitted of very material progress being made at most of the important forts now in process of construction. This has been realized in a number of instances, and in all decided advancement has been effected. Great difficulties have been experienced in obtaining supplies of materials from the quarries, stone yards, &c., owing to the demands made by the war upon the classes usually employed in this kind of work. Similar trouble has been encountered in procuring transportation for materials.

Much has been done in advancing the state of readiness of our fortifications, in the principal commercial harbors, for service, in preparing for additional guns, in providing for the reception of armament of very large calibres in the existing batteries, and in placing all in effective condition for defence. Like measures have been observed with reference to naval stations and our frontiers generally.

A report by the board of visitors in respect to the condition of the Military Academy at West Point is submitted with the report of the chief of engineers.

The officers of the corps of topographical engineers, as appears by the report of its chief, have been almost exclusively on duty with armies in the field, engaged in surveys and reconnoissances connected with their movements; in the collection of topographical and statistical information; and in the construction of field works, batteries, intrenchments, block-houses, bridges, and other like duties.

The survey of the northern and northwestern lakes has been continued during the year—principally in the vicinity of Green bay and the Fox islands. The estimate for continuing the survey is $106,879 48, differing but little in amount from the last estimate.

The lake-harbor works are thirty-four in number. For want of appropriations by Congress, no work has been done at any of them during the present year, with the exception of the St. Clair lighthouse and beacon, and at Oswego harbor, New York.

The general estimate for the completion of each harbor work, founded upon previous inspections, will be found in Appendix No. 2 of the report of this bureau.

Claims for arrearages for harbors, rivers, roads, &c., amounting to $15,000, are found on the records of the bureau. The recommendation of the previous annual reports for an appropriation for their payment, on the approval of the War Department and adjustment by the treasury, is renewed.

The bridging and repairs of the military and emigrant wagon road

from Fort Walla Walla, on the Columbia river, to Fort Benton, on the Missouri, have been completed. The length of the road is 624 miles. The officer in charge of the work recommends that the sum of $70,000 be appropriated by Congress for the further improvement of the route.

It appears, from the report of the acting paymaster general, that during the fiscal year ending the thirtieth of June, 1862, the sum of $5,550,039 54 was paid to the regular troops; that $91,116,610 61 were paid to volunteers; and that $38,597,819 07 have been paid since the thirtieth of June, 1862. The report states that nearly all the regiments were paid to the 30th of June, many to the 31st of August; that some delay in payment has been occasioned by want of funds, but it is believed that all will soon be paid.

By the death of Colonel Larned a vacancy was occasioned in the office of chief of this bureau, which, under the existing law, can only be filled by regular promotion from the corps. In my opinion, the good of the service requires a wider range of selection for this most important office. The vacancy has not yet been filled, in order that, by a change of the law, the volunteer and regular services may be open to selection of such person as you may deem most competent for the duty.

The surgeon general's report affords information in respect to the sanitary condition of the army. It also shows an expenditure of the whole appropriations of that department, amounting to two millions four hundred and forty-five thousand eight hundred and ninety-four dollars and eighty-nine cents, ($2,445,894 89.) The number of general hospitals is one hundred and fifty-one; the number of patients in them fifty-eight thousand one hundred and seventy-five. The whole number under medical treatment is stated to be not short of ninety thousand.

The surgeon general represents that, during the past year, there have been no epidemics in the army of any severity; that the diseases which affect men in camps have been kept at a low minimum; that scurvy has been almost entirely prevented; and that there have been but few victims of yellow fever.

This bureau required enlargement and reorganization in many particulars, and some improvements have been made. Others are suggested which merit careful consideration.

The operations of the surgical department have been aided by humane and benevolent associations. The horrors of battle have been assuaged by ministers of mercy; and it is worthy to be recorded of the medical profession that their services have been voluntarily and gratuitously offered on every occasion. Relief associations in every State have done much to comfort and assist the sick and wounded in camps and hospitals, and their vigilant superintendence has perhaps operated to check the negligence, abuse, and fraud that too often prevail, even in such institutions. Religious congregations and societies have also tendered to the government their church buildings for hospitals, while their pastors have ministered to the patients. These matters are proper to be brought to your notice, because, while war stimulates every evil passion, the virtues developed in this great

struggle to maintain our national existence should not pass unnoticed.

The report of Major Myer, of the signal corps, deserves your attention. The services of this corps to armies in the field, and for many military and naval purposes, is highly estimated. At present it is without distinct organization, and is made up of officers detailed from other branches of service. A separate organization is recommended.

The acknowledgment of this department is due to Colonel Stager, Major Eckert, and their assistants of the telegraph corps. In diligence, fidelity, and important aid, they have been unsurpassed by any branch of the service.

With this presentation of the past operations and present condition of the War Department, the duty required of me by the act of Congress to make an annual report is, in a great measure, fulfilled. It is seen that a force has been placed, by the people of the United States, at the command of the government, to maintain its authority, more mighty in all the elements of warlike power than was ever before arrayed under one banner. How shall that force be employed? To smite the enemy on every hand, to attack his armies and strongholds, to occupy his ports, clear the great rivers of the west from his obstructions, and pause not until he is subdued, is our plain duty. Above all, it is our duty to disdain no legitimate aid that may save the lives of our gallant soldiers, diminish their labors, provide for their wants, and lessen the burdens of our people. No aphorism is more universally received than that "the sole object of a just war is to make the enemy feel the evils of his injustice, and, by his sufferings, amend his ways; he must therefore be attacked in the most accessible quarter." The power of the rebels rests upon their peculiar system of labor, which keeps laborers on their plantations to support owners who are devoting their time and strength to destroy our armies and destroy our government. Whenever that system is in hostility to the government, it is, in my opinion, the duty of those conducting the war to strike down the system, and turn against the rebels the productive power that upholds the insurrection. Rightly organized in the recovered territory, the laborers of the rebel States will not only aid in holding fortified positions, but their labor will, as in India, free the white soldier from the most unwholesome exposure of the south. They will cultivate the corn and forage, which will feed our cavalry and artillery horses, and save the country a portion of the enormous burden now attending their purchase and transport from the north. This cultivation would have been of greater advantage to us on the southeastern coast than even that of the great staple of the sea islands. Probably the people who remained upon these islands, within protection of our armies, could, under wise control, have supplied all the forage needed this year by the forces in the department of the south. The full ration for a horse weighs twenty-six pounds; that of a soldier three pounds. An army well organized and equipped for active operations, with a due proportion of cavalry, artillery, and baggage trains, will have not less than one horse or mule to every four soldiers; so that the weight of food for the ani-

mals is more than double that of the rations of the men. How important an aid, how great an economy, in a long contest, therefore, would there be in raising, by this cheap labor, the greater part of the forage alone for the southern department?—thus, for a great portion of our wants, transferring the base of supplies, now at New York, to Hilton Head or New Orleans.

The department has found it difficult to transfer this labor from one part of the seat of war to another. Local and family ties seem to be very strong with these people, and, with all their faith in the power and good will of our military commanders, it was found difficult to get volunteer laborers to leave Port Royal for other depots.

A population of four millions, true to the interests of the Union, with slight assistance from the army, will, under proper regulation and government, be of the greatest assistance in holding the territory once recovered. The principal staples of the south are the product exclusively of their labor. If protected upon the lands they have heretofore cultivated, with some organization, and with support from small detachments of loyal troops, they would not only produce much of what is needed to feed our armies and their trains, but they would forever cut off from the rebellion the resources of a country thus occupied.

The rebel armies move with ease through portions of the border States, living upon the country in which our commanders find no supplies. The people bring forth their hoards, and offer them to the rebels for sale or gift. Protect the laboring population, who are the majority in the greater part of the south, in the possession of the land and its products, and this great advantage will, for whatever portion of the country we occupy, be transferred to us. As soon as the coast is thoroughly occupied, and the people organized, trade will revive. Cotton, rice, sugar, and other products will be exchanged by the producer for what he needs. Their wants will be supplied direct from the northern factories, and the cultivation of the great staples will enable them to pay for what they use. A perfectly free trade may thus again grow up between the north and the south, and with greater or less rapidity it will spread over the whole country as our forces succeed in meeting and dispersing the rebel armies.

The greater part of the whole country which formerly produced the sea-island cotton is now thoroughly restored to the Union. The laborers are there—the soil and climate. It needs only assurance of protection to revive the cultivation of the staple, as well as to produce vast quanties of corn and forage for our troops. Since this war must be conducted by marches, and battles, and sieges, why neglect the best means to make them successful, and their results permanent? It is worthy of notice that thus far the portions oft eritory which, once recovered, we have most firmly held, are precisely those in which the greatest proportion of colored men are found. By their assistance our armies will be able permanently to operate in and occupy the country; and in labor for the army, in raising its and their own supplies, full occupation can be given them, and with this

there will be neither occasion nor temptation to them to emigrate to a northern and less congenial climate. Judging by experience, no colored man will leave his home in the south if protected in that home. All possibility of competition from negro labor in the north is avoided in giving colored men protection and employment upon the soil which they have thus far cultivated, and the right to which has been vacated by the original proprietors deeply involved in the crimes of treason and rebellion. No great territory has been permanently reduced without depriving the leaders of its people of their lands and property. It is these that give power and influence. Few men have the commanding genius and talent to exercise dangerous influence over their fellow-men without the adventitious aid of money and of property. By striking down this system of compulsory labor, which enables the leaders of the rebellion to control the resources of the people, the rebellion would die of itself.

Under no circumstances has any disposition to servile insurrection been exhibited by the colored population in any southern State, while a strong loyalty to the federal government has been displayed on every occasion, and against every discouragement. By the means suggested the rebellion may be disarmed and subdued swiftly and effectually, and the lives of our own people saved from slaughter on the battle field. By the occupation of all their ports on the Mississippi and the sea-coast a market will be opened in every rebel State for the industry of our people to supply the wants of the army, and also of a loyal population, in exchange for the valuable products of their labor. Another point of attack is by armed settlements upon the vacant government lands in Florida and Texas. Thousands in the northern and western States are impatiently waiting the signal of military movement to plant their homes in the best territory of this continent, and bring it back to the Union as loyal States. So far from the southern States being invincible, no enemy was ever so vulnerable if the means at hand are employed against them. If your proposition for compensated emancipation, and a voluntary return to loyalty, be blindly rejected, still the proper application of the means at command of the government cannot fail to accomplish the suppression of the rebellion and a restoration of those peaceful relations which were designed to be established forever on this continent by the Union of the States.

EDWIN M. STANTON,
Secretary of War.

The PRESIDENT.

REPORT

OF

THE POSTMASTER GENERAL.

POST OFFICE DEPARTMENT,
December 1, 1862.

SIR: The condition and operations of this department, for the fiscal year ended June 30, 1862, are shown in the following report. I also suggest therein some modifications of the existing postal laws for the improvement of the service.

FINANCIAL CONDITION.

It gives me much pleasure to report a great improvement in its financial condition, as compared with several preceding years. The gross revenue for the year ending June 30, 1861, was $8,349,296 40, which embraced the revenue from all the southern States for a large portion of that year.

Notwithstanding the cessation of revenue from the so-called seceded States during the last fiscal year, the increase of correspondence of the loyal States has been such as to produce a gross revenue of $8,299,820 90, or only $49,475 50 less than was derived from all the States of the Union in the previous year.

The expenditures show a still more favorable result. In the fiscal year 1861 the gross amount expended was $13,606,759 11. In the fiscal year 1862 the expenditures amount to $11,125,364 13, showing a decrease of $2,481,394 98 in the expenses as compared with the last year, and of $3,749,408 76 as compared with the fiscal year 1860. The deficiency in the department for the fiscal year 1861 was $4,551,966 98. The deficiency for the fiscal year 1862 is reduced to $2,112,814 57, including among the receipts in both cases the standing treasury credit of $700,000 for free mail matter.

APPOINTMENT OFFICE.

Duties.

The appointment office not only has supervision of the appointment and regulation of all postmasters, and the

establishment and discontinuance of post offices, but also the distribution of blanks, wrapping paper, and twine to all post offices; the supervision of pay of clerks in post offices; of allowances for furniture of post offices; of extra allowances to postmasters under the acts of Congress; of the appointment and pay of special agents, route agents, local agents, and blank agents; and of baggage-masters in charge of mails; of the foreign mail transportation and foreign correspondence, together with some other miscellaneous duties.

Number of post offices.

The whole number of post offices remaining established on the 30th June, 1862, including the suspended offices in the insurrectionary States, was 28,875, showing an increase, as compared with the preceding year, of 289. Of these, 426 have the rank of presidential appointment, and 28,449 are filled by appointments of the Postmaster General. Their classification by States is shown in the appendix, (No. 1.)

Changes in 1862.

The whole number of cases acted upon during the last fiscal year is 7,785; and the number of postmasters changed, from all causes, during the year, is 7,102. The number of resignations has been unusually large, owing to the patriotic disposition of these officers to engage personally in the military service of the country. Further information touching the classification and location of post offices, and the changes made in different States and Territories, will be found in the tables (Nos. 2, 3, 4,) appended to this report.

Postal agencies.

At the close of the preceding fiscal year, 1861, the number of special agents employed regularly in the service was 16, whose salaries amounted to $26,500. At the close of the fiscal year 1862 the number was 15, reducing the amount of salaries to $24,900. I have since discontinued another agency, reducing the number to 14. But I also employed, under the late act of Congress, three temporary agents, at a salary of $1,200 each, only two of whom continue in the service. They are appointed from time to time for short periods, and to meet special exigencies of the service.

My last annual report stated the number of route agents in 1861 at 392. The number on the 30th June, 1862, was 377. That branch of expenditure has been thoroughly revised, resulting in a reduction from the preceding year of $22,026. The number of baggage-masters appointed in charge of mails has been increased from 50 to 74; but owing to a revision and equalization of their pay, the total expense has, at the same time, been reduced from $6,180 to $4,815.

The total reduction in rates of pay of the several classes of mail agencies, as compared with the rates of

the previous year, appears to be $25,636. The details of these changes appear in an exhibit appended to this report, (No. 5.)

Foreign mails.

The civil troubles agitating this country have caused a large reduction in the amount of foreign postages accruing during the last fiscal year. The table (No. 6) appended to this report shows the details of the service between this and the several foreign postal departments. The total reduction in receipts from foreign postages is $217,940 88.

Payment of foreign balances.

Under existing arrangements the payment of balances is made at the cost of the remitting country. A more just arrangement would require the department receiving payment to pay the exchange, if any, as a charge of remittance, the collecting country standing rather as an agent collecting the balance to be remitted at the cost of, and in the manner directed by, the beneficiary. I have directed a correspondence upon this subject for the purpose of establishing that principle of adjustment. Under the present system this department suffers a net deduction from its own domestic revenues to defray the cost of its remittances to foreign departments of the balances due to them. I trust a more equitable arrangement may be established by a mutual effort for a just principle of settlement.

It is also apparent that the prevailing arrangement operates to the detriment of the prepaying country, wherever postmasters and post office expenses are paid by commissions upon the amount collected; for our estimated commission of 40 per cent. goes to cover expenses in this country, while we remit the entire amount to the creditor country, which, so far as it has the same system, makes the entire collection without any of the expense it would incur if the collection was made at home. It thus renders the post payment of postage of pecuniary advantage to each country having the system of defraying expenses by commissions. In effect, it costs this department (approximately) $40,000, besides the premium for exchange, to collect and remit every $100,000 of balances due to foreign countries.

To correct the inequality of this system, I am ready to adopt the rule of absolute prepayment of all foreign postages, where such prepayment is practicable; or, in the alternative, to agree upon a precise abatement of a percentage upon the ascertained balances, as the estimated equivalent of the cost of collection. I am also willing to adopt the general rule of remitting balances under direction and at the cost of the creditor department.

Statistics of the foreign service.

The total cost of the United States transatlantic mail steamship service during the year was $319,393 94. Of

this amount $33,509 70½ was earned by American steamers, performing five outward and seven inward passages, for the sea and United States inland postages; and $285,884 23½ by foreign steamers, performing 138 outward and 135 inward passages, for the sea postage only.

The aggregate amount of postage on the mails exchanged with the British North American provinces during the year, was $177,753 51; of which $95,123 33 was collected in the British provinces, and $82,630 18 in the United States. Excess in favor of the British provinces, $12,493 15.

The United States postages on the West India mails amounted during the year to $50,956 60; of which sum $41,546 28¾ have been paid to the owners of the steamers performing the service to and from Havana and other West India ports. The mails have also been conveyed by steamships to Key West and New Orleans for the postages, as compensation for the service; four outward and two inward trips having been performed between New York and New Orleans from May 28 to June 30, 1862, at a cost of $1,304 21; and one inward and three outward passages between New York and Key West, from May 31 to June 30, 1862, at a cost of $942 40.

The mails to and from Mexico having been forwarded and received by way of Havana, the United States postages thereon are embraced in the amounts reported for the West India mails.

The correspondence between the United States and Central and South America, including also Acapulco, Mexico, has been regularly conveyed by the California line of steamers *via* Panama, under an arrangement made with Cornelius Vanderbilt, esq., he receiving the United States postages thereon as compensation for the service. The cost of this service amounted during the year to the sum of $17,912 91.

Postal treaties.

Postal conventions have been concluded with the governments of Mexico and Guatemala, respectively, copies of which are annexed, (Nos. 7 and 8.)

Mexico.

The convention with Mexico was negotiated by our minister to that country, approved by the Senate, and finally proclaimed by the President. Its provisions are very simple, establishing a sea rate of postage between the two countries, both for letters and printed matter, to be collected and retained by the country despatching the mails, in addition to its regular domestic rates, and the country receiving the mails is to levy and collect its regular domestic rates on delivery, thus avoiding any postage accounts between the respective post office departments. It makes no provision, however, for

establishing and maintaining a line of packets for the regular transportation of the mails between the two countries.

Guatemala.

The convention with Guatemala was negotiated and concluded between this department and the postal authorities of that republic, and came into operation on the 1st of September last. It also dispenses with accounts between the respective post office departments, each country being required to levy and collect its own postage only at the rates established by the convention, embracing therein the sea rate. Provision is made for the regular conveyance of mails by way of the Isthmus of Panama, the United States undertaking the cost of service between New York and Aspinwall, and San Francisco and Panama, while Guatemala undertakes the isthmus and remaining sea transportation.

Costa Rica.

The postal convention recently concluded with Costa Rica and approved by the Senate has not been ratified by the Costa Rican government, for the reason that it was found impossible to harmonize its provisions with a recent postal law enacted by the congress of that republic.

Great Britain.

Additional articles to the United States and British postal convention have been agreed upon, establishing an exchange of mails between the offices of Boston and Southampton by means of the United States mail packets plying between New York and Southampton. A copy thereof is annexed, (No. 9.)

German postal union.

Negotiations are pending for a new postal convention with Prussia, embracing the states composing the German Austrian Postal Union, which, if concluded, will reduce the existing international postage charges upon letters in the closed mails from 30 to 22 cents the single rate, and admit into the mails not only newspapers but all other kinds of printed matter at moderate postal charges. It is also proposed to change the present system of accounting upon the correspondence exchanged in the closed mails, so as to account by weight of the letters, and in bulk, instead of by the single rate, and thus simplify and expedite the distribution and delivery of mails at the receiving offices. This important proposed reduction of postage between the United States and the German Postal Union will result from a reduced Atlantic sea rate upon the closed mails exchanged with Prussia, *via* the United Kingdom, of 12*d.* (24 cents) per ounce for letters, and 5*d.* (10 cents) per pound for printed papers, whether conveyed by United States or British mail packets; with a further agreement with the British post office to reduce the charges for the terri-

torial conveyance of all closed mails sent by the United States through the United Kingdom, or by the United Kingdom through the United States, to an uniform rate of 4*d.* (8 cents) per ounce for letters, and 5*d.* (10 cents) per pound for printed papers.

British Rates.

The expectation offered in my last report of a reduction of the letter rate of postage between this country and the United Kingdom from 24 to 12 cents, I regret to state, has not been realized; my formal acceptance of this reduced rate for international letters proposed by the British post office in February, 1857, having failed now to receive the concurrence of that office. The British department states in reply that it is not disposed to agree upon any reduction of the international letter rate, until the existing contract entered into by it for the North American mail service terminates; and this contract has about six years to run. The non-concurrence of the British office in my acceptance of its proposition was not anticipated, and is placed upon such grounds as to leave no opening at present for the further prosecution of the negotiations.

International postal conference.

Our international mail system is extremely loose and defective. There is no common standard weight for the single rate. There is no common rate for the sea transit, or for overland transit. The inland transit rate upon domestic correspondence furnishes no rule for overland transit of foreign correspondence.

Rates upon closed mails are not uniform by distance, or by other common rule, and they vary greatly according to the route of carriage. The whole foreign system, as now established, is too complex to be readily understood by postmasters, and many mistakes and unfortunate delays arise from its complexity. I had little hope of remedying these evils except by a general congress of postal representatives, practically acquainted with their respective systems, and predisposed to facilitate the international, social, and commercial correspondence, by which national prosperity is so much affected.

Accordingly, I opened a correspondence through the State Department on the 4th of August last; and several replies have been received, all of which are favorable, and consent to the project. If the representatives to the proposed congress shall engage in its objects, recognizing the fact that postal arrangements, as compared with the great interests of commerce and of national intercourse, are auxiliaries and not principals, I shall hope for the best results. Should the other countries which have been invited to co-operate approve of the object of the conference, many desirable improvements may be

introduced which it will be difficult, if not impossible, to secure without concert of action. The subjects to be submitted by this department for the consideration and action of the proposed conference are stated in my letter of the 4th of August last to the Secretary of State, a copy of which is appended to this report, (No. 10.)

CONTRACT OFFICE.

Duties.

The contract office is charged with the conduct of mail lettings, and all contracts and allowances for inland mail transportation, with the mail messenger service; the supervision and regulation of mail contractors, and the routes of mail transit, including distributing offices; and with the increase and diminution of service on mail routes.

Transportation statistics.

Table A (No. 11) exhibits the service as it stood on the 30th of June last in the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Ohio, Western Virginia, Michigan, Indiana, Illinois, Wisconsin, Iowa, Missouri, Minnesota, Kentucky, California, Oregon, Kansas, and the Territories of New Mexico, Utah, Nebraska, Washington, and Colorado, at which time there were in operation in those States and Territories 5,900 mail routes, the number of contractors being 5,338. The length of these routes was 134,013 miles, and the mode of service divided as follows, viz:

Railroad	21,338
Steamboat	5,647
With "celerity, certainty, and security"	40,329
Coach	19,958
Inferior modes	46,741

The annual transportation of mails was 53,432,525 miles, costing $5,853,834, divided as follows, viz:

Railroad	22,777,219 at	$2,498,115,	about 11 cents a mile.	
Steamboat	2,013,719 "	298,245	"	$14\frac{8}{10}$ "
With "celerity, certainty, and security"	13,465,014 "	640,043	"	$4\frac{3}{4}$ "
Coach	7,268,410 "	1,738,964	"	24 "
Inferior modes	7,908,163 "	678,467	"	8 "

The number of route agents in the service was 370, at a compensation of	$271,934 00
The number of local agents was 35, costing	19,074 00
The number of mail messengers was 1,523, costing	164,307 92
The number of railroad baggage-masters in charge of the express mails was 69, costing	4,815 00
The number of agents employed on steamers conveying mails to southern ports was 7, costing	500 00
	460,630 92

Brought forward	$460,630 92
This sum added to the cost of service in operation on the 30th of June last	5,853,834 00
makes the total on the 30th of June last	6,314,464 92

including $1,000,000 for the great overland mail to California.

Mail lettings of 1862.

The lettings of new contracts for the term commencing July 1, 1862, and ending June 30, 1866, embraces the routes in the States of Michigan, Indiana, Illinois, Wisconsin, Iowa, Missouri, Minnesota, Kentucky, California, Oregon, and Kansas, and the Territories of New Mexico, Utah, Nebraska, Washington, Colorado, and Dakota, and the following shows the service under those lettings for the first quarter of the contract year ended 30th of September last:

	Miles.	*Miles annual transport'n.*	*Cost.*
Railroad	8,533	7,714,474	$833,933
Steamboat	4,222	1,320,891	197,105
With "celerity, certainty, and security"	70,880	16,155,167	2,111,630
	83,635	25,190,532	3,142,668

Compared with the service of the 30th of June last, the length of routes is increased 6,159 miles, with an annual increase of transportation of 754,428 miles, at a decrease in cost of $340,648. It should be stated, however, that several routes in Kentucky and Missouri were omitted to be let on account of the war, the cost of which would probably have been $9,648, making the net saving $331,000, being about 9½ per cent.

There is also shown a saving of about 11¾ per cent. over the service as let to "mode not specified" and "coach" combined, and that which is designated by the department as "star," or with "celerity, certainty, and security." This important saving is owing to strict adherence to the requirements of the act of March 3, 1845, for letting the contracts for the transportation of the mail, without other reference to the mode than may be necessary to provide for the *due celerity, certainty, and security* of such transportation.

Other tables showing the operations of the contract office are appended to this report.—*(See Nos.* 12, 13, 14.*)*

California overland mail.

I regret to state that the overland mail service has not been satisfactory. It was assumed by Congress that this company could procure the transportation of much of the heavy matter by water, but no arrangement to effect this object was made till about the first day of

July, 1862. To this cause of failure must be added the unprecedented floods of last winter and spring, and Indian depredations.

Arrangements having now been made by the company for the water carriage of periodicals, &c., and a new and more direct route having been started, less liable to interruption by the Indians, I hope for greater success than has yet been achieved. With a good road, and over a route which the special agents of the department, who have recently inspected it, think is now very safe, and can be made perfectly secure with a very slight increase of force upon it, future failures will be inexcusable. There have been irregularities on this line not excusable on any of the grounds above referred to, due measurably to mismanagement, and partly to the difficulties of the undertaking; but I am disposed to believe that those now in charge of this great national undertaking are intent on making it successful.

Its importance, indeed, is becoming more and more manifest. Every day brings intelligence of the discovery of new mines of gold and silver in the region traversed by this mail route, which gives assurance that it will not be many years before it will be protected and supported throughout the greater part of the route by a civilized population. As an agency in developing these resources for the government the mail line is indispensable, and every needful protection and support should be given to the company, and some allowance made for failures in the beginning of the undertaking.

Railroad service—amendment.

I renew the recommendation of my report of last year for the establishment of some system to enable the department to procure contracts on fair terms with railroad companies for mail service. Many cases have arisen since that time to illustrate the necessity of further legislation to prevent the serious prejudice to public interests likely to occur if these corporations are left, as at present, entirely unrestrained by law. This recommendation is not to be understood as reflecting upon the public spirit and liberality of the railroad companies of the country generally; for if called on to designate a class of our people who are the most liberal and public spirited, I would say that it was the class concerned in railroads.

There would probably be no necessity for any change if the department could deal with this class as a whole. The difficulty lies in having to deal with single corporations. Some of these corporations, when the public treasury was full, succeeded in obtaining too much from the treasury; and even now, when the resources of the country are so severely taxed to preserve the govern-

ment, there are, I regret to say, some companies threatening to throw off the mails, unless terms even more onerous than any heretofore exacted from the government by any other company are agreed to by the department. The effect of yielding to such exactions on the part of the few has been to raise the terms required by all; for the more liberal justly say, whilst they agree that the terms allowed are too high, yet they cannot compete with rival lines unless they demand and receive the same rates for carrying the mails. From the natural bias of those concerned in a particular road, they are disposed to think injustice done them by the estimate made of the relative importance of their road, and of the mails over it.

The subject is one of difficulty; but it has been suggested that in lieu of the classification by which compensation is now fixed, reference should be had to the actual cost of transportation as the basis for fixing the compensation to be paid; and I am disposed to think arrangements may be more satisfactorily made on such a basis than under the present system.

I am not informed as to the views of those interested in railroads on this point; but I think it probable that it would be generally acceptable, and that a compensation to cover the actual cost of transporting the mails would be satisfactory to that enlightened interest; for the considerations which preclude the government from deriving revenue from the mails ought to operate even more directly on the railroad interest to preclude it from attempting to burden a machinery which, in so many ways, creates its business. All increase and acceleration of mails promotes the transfer of person and property, for which these roads were constructed, and of which the transportation of the mails is but an incident.

FINANCE OFFICE.

Duties.

To this office are assigned the issuing of postage stamps and stamped envelopes for the prepayment of postage and the accounts thereof; the preparation of warrants and drafts in payment of balances reported by the Auditor to be due to mail contractors, and other persons; and the superintendence of the rendition by postmasters of their quarterly returns of postages. It embraces, also, all the operations of the dead letter office, and the accounts connected therewith.

Auditor's report.

The accompanying report (No. 28) of the Auditor for this department exhibits with clearness and precision the details of financial operations during the past fiscal year. From this document the following brief synopsis is derived:

Revenue and expenditures for 1862.

The expenditures of the department in the fiscal year ending June 30, 1862, amounted to		$11,125,364 13
In which is included the sum of $354,758 21 paid for mail transportation of previous years.		
The gross revenue for the year 1862, including receipts from letter carriers and from foreign postages, amounted to	$8,299,820 90	
To which should be added the earnings of this department in carrying free mail matter	700,000 00	
And the amount appropriated for the relief of individuals	12,728 66	
		9,012,549 56
Deficiency		$2,112,814 57

For details of the revenue and expenditures, under their several heads, reference is made to the Auditor's tables annexed, (Nos. 15, 16.)

The estimated deficiency of means for 1862, as presented in the annual report from this department, December 1, 1860, was	$5,210,226 63
Deduct actual deficiency	2,112,814 57
Excess of estimated over actual deficiency	$3,097,412 06

This discrepancy between the actual deficiency and the estimate thereof submitted in 1860, is owing to the great reduction of expenditures caused by the suspension, during the year, of postal service by this department in the insurrectionary States, while, on the contrary, the diminution of the revenue thereby was comparatively small.

Expenditures of 1862 compared with 1860 and 1861.

The actual expenditure for 1860, when the postal service was uninterrupted throughout the Union, was	$14,874,772 89
The actual expenditure for 1862 was	11,125,364 13
Excess of expenditure in 1860 over that of 1862	$3,749,408 76

The gross revenue for 1860	9,218,067 40
The gross revenue for 1862	9,012,549 56
Excess of revenue in 1860 over that of 1862	$205,517 84
The expenditures for the year ending June 30, 1861	13,606,759 11
The expenditures for the year ending June 30, 1862	11,125,364 13
Decrease of expenditures in 1862	$2,481,394 98
The revenue from all sources during the year 1861	9,049,296 40
The revenue from all sources during the year 1862	9,012,549 56
Decrease of revenue in 1862	$36,746 84

The decrease of the expenditures of 1862, compared with those of 1861, during the greater part of which mail service was uninterrupted, is $2,481,394 98, which is more than sixty times greater than the decrease of revenue.

Estimates for 1863. In view of the increased proceeds of the principal post offices during the quarter ending September 30, 1862, it is believed that the gross revenue for the year ending June 30, 1863, will equal the amount of the estimate therefor submitted in the last annual report from this department, and that no appropriation additional to those already made will be needed for the fiscal year in question.

Estimates for 1864. The expenditures of all kinds for the fiscal year ending June 30, 1864, are estimated at $12,000,000. This estimate, however, does not include the sum of $1,000,000 for the service of the California central route, inasmuch as a special appropriation from the treasury for such service during the current fiscal year was made by the third section of the act approved April 17, 1862, and it is presumed that a similar appropriation will be made for the transportation of the mails on this route during the fiscal year ending June 30, 1864.

Table No. 17 exhibits in detail the estimated expenditures for 1864, under the various heads of appropriations.

The gross revenue for the year 1864, including foreign postages, fees paid in by letter-carriers, and miscellaneous receipts, is estimated at an increase of five per centum on the revenues of 1862—making $8,714,000.

Estimated deficiency of revenue compared with estimated expenditures	$3,286,000	00
Deduct appropriations made by the acts of March 3, 1847, and March 3, 1851, for carrying free mail matter	700,000	00
Leaving the estimated deficiency	2,586,000	00
Should Congress fail to make specific appropriation for the service of the California central route, the amount of the above deficiency would be subject to an increase of	1,000,000	00
Making the whole amount estimated to be required from the treasury for 1864,	3,586,000	00

exclusive of the earnings of the department for carrying free matter under the acts of March 3, 1847, and March 3, 1851, $700,000.

The estimates of the expenditures for the fiscal year ending June 30, 1864, are based mainly on the actual expenditures of the year 1862. A partial provision, however, is made for the cost of restoring the postal service in sections of the country where it is now suspended; but, notwithstanding this additional source of expenditure, the estimated deficiency for 1864 is $3,000,000 less than the actual deficiency of 1860.

In estimating the receipts for 1864 it is assumed that they will exhibit an increase of five per centum over the revenues of 1862, although the latter were a fraction of one per cent. less than those of 1861, during the greater portion of which year mail service was uninterrupted throughout the country.

Quarterly returns.

The whole number of post offices in operation during the year was 19,973, and the number of quarterly returns received therefrom was 77,109.

Drafts and warrants.

The whole number of drafts and warrants issued during the year, in payment of balances reported by the Auditor to be due mail contractors and other creditors of this department, was 20,284. The warrants were drawn on the Treasurer of the United States, five assistant treasurers, and seven designated depositaries, and the drafts on twenty-seven post office depositaries and postmasters at four hundred and two draft offices.

The sum of $3,349,747 44, being upwards of seventy per cent. of the net revenues of the department, was

concentrated in the hands of the above-mentioned depositaries. Of this sum $3,021,455 62 was disbursed during the year, leaving $328,291 82 subject to draft on the 1st July, 1862. The remainder of the net revenue was collected by mail contractors by means of orders on postmasters at collection offices, prepared and sent out by the Auditor, and through payments by postmasters to mail messengers and special mail carriers.

Postage stamps and envelopes issued during 1862.

The number of postage stamps and stamped envelopes issued to postmasters during the year ending June 30, 1862, is given in detail in the table annexed, No. 18. The value of the stamps issued during that period was $7,078,188, of stamped letter envelopes $733,255 50, and of stamped newspaper wrappers $23,648 50. The issue of 1862 shows an increase over that of 1860 of $964,775 81, and over that of 1861 of $1,144,858 27.—(See table No. 19.)

Newspaper wrappers.

The increase in the demand for newspaper wrappers since their introduction in October, 1861, clearly demonstrates their convenience and utility.

Postage stamps as currency.

The scarcity of small change, together with the general misconception of the purport of the act of Congress approved 27th July, 1862, directing the Secretary of the Treasury to furnish "postage and other stamps of the United States" for currency, has greatly embarrassed the department in the performance of its duties connected with the distribution of postage stamps. As soon as the passage of the act was announced, extraordinary quantities were purchased at the various post offices, exhausting the supply in many instances to the detriment of postal business. Postmasters were specially instructed to discontinue sales of stamps to persons evidently designing them for use as currency; but notwithstanding the precautions taken and the checks adopted at the several offices the demand has until quite recently been largely in advance of the daily manufacture. During the quarter ending 30th September last there were issued, in round numbers, 104,000,000 stamps of all denominations; and this notwithstanding the majority of applications therefor from postmasters were only partially filled, generally but one-half the number asked for having been sent. Had not this curtailment been made, the total number issued during the quarter would have reached nearly 200,000,000, or what would have sufficed, under ordinary circumstances, for the issue of an entire year. The sales at the principal post offices for the quarter under notice, compared with the corresponding quarter of 1861, show in some measure the extent of the demand for postage stamps for use as a currency. The aggregate value of the postage stamps and stamped envelopes sold at twenty-nine of the

larger post offices during the third quarter of 1862 was $1,400,937 48, and during the corresponding quarter of 1861 was $606,597 40, showing an excess in favor of 1862 of $794,340 08. At the New York city office alone the excess of sales in the former quarter was $425,296 19; at Chicago, $48,760 19; at Philadelphia, $35,597 12; at Boston, $36,686 10; at St. Louis, $19,906 37; and at Milwaukie $20,255 24.

Nearly the entire excess of stamps sold during the period under notice has been or is now in use as currency. Being ill adapted for circulation, large quantities of them have become so defaced as to be inapplicable to legitimate use for the payment of postage, and evil-disposed persons have availed themselves of the opportunity thus afforded to put into circulation stamps once used for postage, from which the cancelling marks had been wholly or partially erased.

Fraudulent use of cancelled stamps—amendment.

In pursuance of the provisions of an act approved July 16, 1862, this department has endeavored to punish, and to prevent thereby, as well as by the attainment of a more effectual mode of cancellation, the fraudulent use or sale of cancelled postage stamps. The law, to be effective in its purpose, should absolutely prohibit the removal of cancelled stamps from the paper to which they are attached, for whatever purpose. Not being criminal in itself, it should be made so by statute, to prevent the evil consequences of the practice.

An effort has been made to procure a cancelling ink which cannot be effaced without involving the destruction of the postage stamp; and three varieties of ink claimed to possess this quality are now being tested by actual use in post offices.

Various new instruments and devices for cancelling postage stamps have been examined and submitted to a trial, and two machines are now in process of construction which are designed to replace cancelling by hand at the larger offices.

Redemption of stamps.

The issue of "postage currency" by the Treasury Department will doubtless soon displace postage stamps from circulation; and although the redemption of stamps sold by postmasters is not required by existing law, in order to protect holders of the same against loss, so far as this can be done without detriment to the interests of the department, I have determined to direct postmasters to exchange, for United States notes, under proper regulations, all evidently uncancelled stamps offered them for that purpose.

Value of stamps sold.

The total value of stamps and stamped envelopes sold during the fiscal year was $6,910,131 89, and the amount

cancelled in payment of postage was $6,171,751 93. leaving $738,379 96 in the hands of purchasers.

Amendment in mode of issuing stamps.

In my last report a change was recommended in the system of issuing postage stamps and stamped envelopes, so that, in lieu of being delivered, as at present, on orders from postmasters, and charged in their accounts, the latter might be required, at the discretion of the Postmaster General, to purchase, under proper regulations, such quantities as might be needed at their respective offices. The subject is again commended to the consideration of Congress.

Advantages of stamped envelopes.

There are advantages incident to the employment of stamped envelopes for correspondence which separate postage stamps do not possess. The address and sealing of the former preclude their use a second time, while the latter are subject to such fraudulent use if imperfectly cancelled, or if the cancelling marks have been erased. On the other hand, stamped envelopes relieve the public from the trouble and delay of attaching separate stamps, which, in the hurry of business, is not unfrequently forgotten, while the stamps are also liable to removal, accidental or otherwise, occasioning a detention of letters. Correspondence covered by stamped envelopes can, moreover, be lawfully conveyed outside the mail. I would therefore suggest that the Postmaster General be authorized to sell stamped envelopes, in quantities of not less than five hundred, at a discount not exceeding five per cent. on the charge made by the Post Office Department for smaller quantities thereof, which charge should include the value of the postage stamp impressed thereon. And as an additional inducement to stationers and other dealers to provide themselves with varieties of stamped envelopes suited to the wants of their customers, and to make such envelopes a part of their stock in trade, it has been determined to try the experiment of embossing postage stamps on envelopes belonging to private individuals or firms, who shall have previously applied for the privilege, and have paid the full value of the stamps, (less the discount, if the same shall be allowed by law, as suggested,) provided the number shall not be less than five hundred in any one case.

Losses of postmasters by stealing of stamps.

Under a regulation of this department, made in accordance with an opinion of a former Attorney General of the United States, credit cannot be allowed to a postmaster on account of stamps or stamped envelopes stolen from his office. There have already been reported to the department thirty-three cases of post office robberies in Kentucky, Missouri, Kansas, Virginia, Maryland, and Pennsylvania, where the losses have been occasioned

by reason of occupancy by United States or rebel soldiers. Such losses not having resulted from any fault or neglect of the postmasters, the cases, it would seem, are materially different from those of ordinary theft. The aggregate amount claimed in the thirty-three instances above noted does not reach twelve hundred dollars; and, although many additional cases will be reported, the total of such claims will be comparatively small. I beg leave to suggest that special provision be made by which this class of cases may be adjusted, subject in all other respects as to evidence, &c., to the regulations of the department. Amendment.

DEAD LETTERS.

The whole number of dead letters received and examined during the year was 2,282,018, being 267,000 less than in the preceding year. Number.

The number of dead letters containing money which were registered and sent out during the last fiscal year was 10,475, and the value of their contents was $46,538 89. Valuable dead letters.

The number covering deeds, bills of exchange, drafts, and other valuable papers, was 9,763, and the aggregate nominal value of the enclosures was $2,189,450.

Full details with respect to these two classes of letters are exhibited in tables (Nos. 20, 21) accompanying this report.

In addition to the above, there were sent out during the year 3,820 valuable letters or packages of a third class, the contents of which were 3,515 photographs or daguerreotypes, 157 articles of jewelry, and 148 miscellaneous articles.

For the purpose of showing the continued increase of dead letters of the latter description, it may be stated that from the 30th of June to the 1st of November 2,975 have been returned, 1,139 having been received during the month of October alone. The great majority of these letters contained photographs or daguerreotypes, of which a large proportion were from soldiers, or their correspondents. Increase of same.

In compliance with a request from the War Department, 1,353 dead letters, containing soldiers' descriptive lists and certificates of discharge, have been transmitted to the Adjutant General.

From the above statement it appears that the whole number of valuable letters sent out from the dead letter office during the past fiscal year was 25,411, being 4,596 more than during the previous year. Whole number of same.

It should also be stated that, beside the valuable dead letters above mentioned, 25,828 letters, enclosing post-

age stamps or other articles of less value than one dollar, have been returned to the writers or senders; but when letters of this description could not be restored, from lack of signature or other cause, they were destroyed, together with their contents. A record of the number and value of stamps thus destroyed has been kept from the 1st of March last, and from that date to the 12th of November the number thereof was 21,744, and the aggregate value $650. When, however, letters not admitting of restoration enclosed postage stamps to the amount of one dollar or more, they were recorded and filed like other valuable letters.

Causes of non-delivery of valuable letters.

The causes of the non-delivery of valuable letters, as assigned by postmasters, or which could otherwise be ascertained, in 21,493 cases, are given in table No. 22. Out of this number the non-delivery of but 225 (viz: missent letters) can be directly traced to the negligence or inefficiency of postmasters—a fact which tends to confirm the opinion expressed in the last annual report, that the failure of a letter to reach its destination is to be attributed, in the vast majority of instances, to the writer or to the person addressed.

Held for postage and misdirected letters.

There have been received and examined 147,283 letters which could not be forwarded from the post offices where mailed or delivered therefrom, because of unpaid postage or carriers' fees, or because misdirected or imperfectly addressed.

Of these the number held for postage was 132,178, including 9,385 letters directed to soldiers, which were forwarded unopened to their destination. The number held for carriers' fee was 6,778, nearly all of which were received from the post offices of New York, Boston, Philadelphia, and Baltimore; and the number misdirected or imperfectly addressed was 8,327, of which 822 were without any address or direction whatever. Of the class of letters under consideration 94,601 were sent to the writers or to the persons addressed; 2,962 contained articles of value, and are included in a previous enumeration; 2,932, directed mostly to foreign countries, and requiring prepayment, could not be restored to the writers, and have been filed. The remainder, being worthless, were destroyed. Among the latter were 3,000 unpaid "valentines."

Letters to and from rebel States.

In consequence of the suspension of postal communication the following letters, not embraced in the above aggregate of dead letters, were received and disposed of at the dead letter office from the 1st of November, 1861, to the 1st of November, 1862, viz:

Forty-six thousand six hundred and ninety-seven letters, written in the loyal States and directed to States

under insurrectionary control. These letters, when susceptible of restoration, were stamped "mails suspended," and returned to the writers.

Three thousand one hundred and ninety-eight letters from sections of the country subject to rebel control, and addressed to persons in the loyal States. The greater portion of such letters were forwarded to their destination.

Thirteen thousand four hundred and sixty-three foreign letters, directed to localities in this country with which postal communication is discontinued. Letters of this class were stamped "mails suspended," and returned to the countries where they originated.

Return of ordinary dead letters.

By the act approved January 21, 1862, the Postmaster General was authorized to return all dead letters, excepting those containing circulars and other worthless matter, to the writers, whenever their names can be ascertained, provided that he should be satisfied the receipts for dead letter postage would amount to a sum sufficient to pay the aggregate compensation of the clerks employed for that purpose, which, by a subsequent appropriation, was fixed at $20,000 per annum.

During a period of nine months, from February 1 to November 1, 1862, 726,390 letters were placed in new envelopes and redirected to the offices where originally mailed. Of this number 5,261 were sent to banks and insurance companies, 97,232 to business firms, and 623,897 to individuals; 2,383 of these letters were written to soldiers in various hospitals, and, not having been delivered, were returned to the writers, free of postage; 30,182 were written in foreign languages, principally the German.

Number returned to the department.

Out of the whole number thus sent, 139,680, or nineteen per cent., were returned again to the department, for various reasons, as stated in table No. 23.

Although letters of the class under notice were returned to the post offices at which they were originally mailed within three months afterwards, it will be seen that a large proportion of those sent back to the department is embraced in these two divisions, viz: "moved away, and absent," and "not known, or not found," a fact which forcibly illustrates the well-known migratory habits of our people, which contribute largely to swell the aggregate of dead letters.

The proportion of dead letters which could not, or which, from their worthless character, should not, be restored to the writers, was found to be somewhat greater than had been anticipated, while the number returned a second time to the department was less than the estimate of last year, being, as above stated, nineteen per

cent. instead of twenty-five per cent. of the amount sent out.

Profits of the system.

The gross revenue to the department from 583,074 letters not containing articles of value, delivered as above stated, during nine months, and charged with six cents postage each, was $34,984 44, which, at the same rate, would yield $46,645 92 in one year, being $26,645 92 more than the cost incurred in sending them out.

Amendment.

If the return rate of postage on such letters were reduced to three cents, the amount of postage collected therefrom would be $23,322 96, or $3,322 96 more than the expense of restoring them. A reduction to this extent could not fail to be gratifying to the public, while it would not involve any additional expenditure. There is reason to believe, moreover, that the present high rate has, in some instances, induced persons to decline receiving their ordinary letters returned from this department. I would therefore recommend that the Postmaster General be authorized to reduce the rate of postage on dead letters not containing valuable enclosures, as fixed by the act of January 21, 1862.

Foreign dead letters exchanged.

The number of dead letters returned unopened to foreign countries, during the year, was 160,432, and the amount of unpaid postage thereon was $9,200 05. The number received from foreign countries was 58,614, on which the unpaid postage amounted to $1,880 29. For details see tables, (Nos. 24, 25,) appended to this report.

Return of letters to dead letter office.

It is believed that nearly all letters delivered, after having been advertised, are applied for within the ensuing month, and that the number claimed during the second month is so small that their delivery, when considerably more than a month old, would be of less advantage to the public than would be the return of all dead letters to their writers a month sooner than is possible under existing law. But, for obvious reasons, those provisions should not be changed which require letters to be retained in post offices longer than the usual period, when they bear special requests to that effect, or are destined for persons on board designated vessels expected to arrive at ports to which such letters are directed. An abridgement of the period during which postmasters are to hold letters after advertising the same would still further simplify the system of returning dead letters to the department, and secure an earlier restoration to the writers.

Amendment.

I would therefore recommend that the Postmaster General be authorized to regulate the period during which postmasters are required, by the 6th section of the act of February 27, 1861, to hold dead letters.

Transmission of money in the mails

Great efforts have been made to give security to the mails. New and improved locks have been put into service; a stricter surveillance has been exercised over the affairs and agents of this department; negligence has been punished and diligence rewarded; and the results, in promoting energy and vigilance, have been satisfactory. But the mails, despite the very general watchfulness and fidelity on the part of the employés of this department, continue to be subject to depredations.

The means of conveyance are only adapted to the primary object of the mail service, the mere transmission of intelligence. This department could not make use of strong boxes nor adopt measures to fix accountability upon each of the multitude of agents employed in the business, such as are resorted to by the carriers of merchandise and money, without sacrificing the expedition required of a carrier of intelligence, and at the same greatly increasing the expense necessary to the proper management of the latter business. For this reason the mails have always been, and must continue to be, an unsafe medium for the conveyance of money letters. The money contained in the mails creates the temptations to the robberies committed, and is, moreover, the chief cause of the loss of letters which do not contain money.

Amendment.

It is, in my opinion, very desirable, for these and many other reasons, that money should, as far as practicable, be excluded from the mails. With this view I recommend:

1. The adoption of a money order system.

2. A greatly increased rate upon registered letters, approximating the charges imposed by other parties engaged in the transportation of such packages; and—

3. That all letters known to contain money shall be charged with registry postage.

Money order system.

The adoption of a money order system would not obviate the necessity for some plan by which letters containing negotiable and other valuable papers could be registered, although bankers would, to some extent, avail themselves of it to transmit by mail packages of money. But the registration fee, as now fixed by law, does not pay the expenses of the registry system, which might therefore with propriety be discontinued, so far as the interests of this department are concerned. It is, moreover, incomplete in this respect: that the sender of a registered letter, who gets a receipt for it from the postmaster of the mailing office, upon payment of a fee of five cents and the ordinary postage, receives no information from the department as to the delivery or non-delivery of his letter, unless, in the latter event, it reach the dead letter office.

Registration—amendment.

To obviate this defect it is proposed that every postmaster who registers a letter shall execute duplicate receipts therefor, one of which is to be handed to the sender, as at present, and the other forwarded with the registered letter and accompanying bill to the post office of delivery. The person who receives the letter shall be required not only to acknowledge that fact in a book kept for purpose, but also to sign the duplicate receipt, which shall be returned by the postmaster at the office of delivery to the sender, as an evidence that the letter was duly delivered to the person for whom it was intended, and as a record of the date of such delivery.

Should the sender of a registered letter fail to obtain a return receipt therefor in due course of mail, he would at once notify the department of the failure, which would lead to an investigation of the cause of delay and facilitate the prompt delivery or recovery of the letter.

As a compensation for such registration and return of receipt from the office of delivery, I would recommend that a fee of twenty cents should be charged on each letter or package registered.

INSPECTION OFFICE.

Duties.

The Inspection office is charged with the observation of failures and delinquencies in the service of contractors and route agents; with fines and remissions thereof; with the subject of mail depredations, and prosecution of violators of postal laws; with the duty of procuring and distributing mail bags, locks and keys, and some other duties of detail.

Mail bags recovered.

During the last year a large number of mail pouches and locks, accumulated in certain offices, and there disused from neglect, have been recovered. In the Chicago office, under the former incumbent, several hundred had thus accumulated, been disused for two years or more, and upon examination some packages of letters were still found therein, indicating great neglect originally. I have, since that time, directed the services of a temporary agent to the same investigation in other large offices. He is still so employed, and has recovered a large additional number of mail bags.

Fines and forfeitures—amendment.

I recommend that the power to withhold and to remit fines and forfeitures be taken from the Postmaster General, as respects all future contracts for mail service. There is no better reason for authorizing the Postmaster General to pay for mail service which has not been performed than there is for allowing payment on other contracts when the consideration fails.

There are two classes of reasons which induce me to make this recommendation. The first relates to the difficulty of properly exercising the power. It is in its nature judicial, and we have not the machinery for a judicial inquiry as to whether the excuses offered for failures are valid. The investigation is made by clerks, whose judgment upon *ex parte* testimony offered practically settles the facts. A system which leaves the disposition of large sums of money to the discretion of individuals is vicious, and is liable to produce great abuses.

The other class of reasons relates to the effect of the proposed change in securing the performance of the service. It cannot be doubted that failures of the mail constantly occur, which might be and would be avoided if the contractor knew that he would certainly lose his pay if the failure took place. Under the present system, when anything occurs which offers an excuse, there is no motive for extraordinary effort to overcome the difficulty. The temptation to magnify, or even to invent difficulties, when failures occur which might have been overcome, or did not exist, is a great, if not a sufficient, objection to the present system. I think the efficiency of the service would be greatly promoted by the change recommended, without seriously increasing the sum paid for the same.

POST OFFICE BUILDINGS.

New York post office.

The post office building at New York has been enlarged, materially increasing its accommodations, and at a very moderate cost, the contract having been made therefor for the sum of $7,587.

Philadelphia.

The new building at Philadelphia is in progress, and is expected to be ready for occupancy early in the spring. It is hoped the entire cost of the alterations and enlargement of the buildings, accommodating the courts and the post office, will fall below $50,000.

POSTAL REFORM.

An impression prevails that the mere adoption in England of the penny postage has been the means of perfecting their postal system to its present degree of efficiency. I do not so regard it. The principle of uniformity, however, is important, and promotes both official and public convenience. It is the substitution of simplicity for complexity, and this is always improving and progressive.

Elements of the British system.

But there are other potential elements, in my judgment, of the success of the English system. One is found in

the fact that the *personel* of their postal administration is more permanent, and the establishment is placed purely on a business footing. It is administered by experienced men. Once thoroughly instructed in the laws, the regulations, and their duties, the department measures their claims to office by their continued fidelity and attention to its interests. In some branches of the service candidates are admitted upon both a physical and mental examination of their qualifications. A medical officer examines the aspirants for clerkships, and for the places of carriers and laborers. Post office savings banks are connected with the establishment. Provision for life assurance, the premiums being deducted from weekly or monthly wages, is also a part of their system. They thus combine nearly all interests to procure a permanent and faithful devotion to duty.

In this country.

In this country the people of all classes are more migratory, frequently changing their occupations as well as their residences. The number of resignations alone, during the year ending on the 30th of June, 1862, was 2,902, the removals 2,786, out of 19,973 officers in the loyal States and districts. The resignations were nearly fifteen per cent. of the whole number, and resignations and removals combined, about twenty-eight per cent. of the whole number. The new appointées must acquire a practical postal education before they can promptly and accurately discharge their duties. It is evident that a system so liable to constant and large changes in its administration must be defective in many elements of completeness. The theory of our government requires a direct official responsibility to the executive head, and that the term of office should be limited to the proper discharge of that responsibility. The principle is correct. But the proper compensatory principle requires retention of good officers, as truly as it requires the discharge of incompetent incumbents. This principle can be carried into effect only when public sentiment shall be so clear and uniform as to make itself felt by all public representatives influencing appointments.

British system of accounts.

They also have a much less complex system of accounts than that prevailing here, which requires, in my opinion, much unnecessary labor on the part of postmasters, and in the Auditor's office requires the services of additional clerks without corresponding benefits.

Other advantages.

The shorter distances traversed by their correspondence, and the less time consumed in the exchange of letters, also contribute to increase the amount of it.

The perfection of their system of deliveries of mail matter has also essentially contributed to their prosperity.

Reduction of rates and increased facilities.

Another important element has been entirely overlooked, so far as the late discussions are concerned. It is the fact that largely increased facilities of mail communication have followed each reduction of postal rates, both in England and in the United States.

United States and English statistics since 1839 compared.

The tables subjoined show the direct annual postal revenue and postal expenditures, and the annual deficiencies or surplus for each year since 1839, in the United States, arranged in three tables—the first embracing the last six years under the high rates, (from six to twenty-five cents;) the second embracing six years of the five and ten cent rates; the third embracing nine years of the three cent prepaid rate under three thousand miles—the unpaid five cent rate, intermediately established and abolished, not affecting the argument. These tables also show the annual percentage of increase or decrease of revenue and expenditures, and the percentage of increase for each series of years. They stop at 1860, that being the last complete year before our civil troubles.

Revenue and expenditures of the Post Office Department for six years, from 1840 *to* 1845, *exclusive of appropriations by Congress, postage rates on single letters being* 6, 10, 12½, 18¾, *and* 25 *cents.*

Years.	Revenue.	Per cent. increase.	Per cent. decrease.	Expenditures.	Per cent. increase.	Per cent. decrease.	Deficiency.	Surplus.
1840	$4,543,521 92			$4,718,235 64			$174,713 72	
1841	4,407,726 27		About 3	4,499,527 61		About 4.6	91,801 34	
1842	4,546,849 65	About 3		5,674,751 80	About 26		1,127,902 15	
1843	4,296,225 43		About 5½	4,374,753 71		About 23	78,528 28	
1844	4,237,287 83		About 1⅓	4,296,512 70		About 1.8	59,224 87	
1845	4,289,841 89	About 1⅕		4,320,731 99	About ½		30,890 10	
1st period	26,321,452 99			27,884,513 45			1,563,060 46	

For six years, from 1846 *to* 1851, *postage rates on single letters* 5 *and* 10 *cents.*

Years.	Revenue.	Per cent. increase.	Per cent. decrease.	Expenditures.	Per cent. increase.	Per cent. decrease.	Deficiency.	Surplus.
1846	$3,487,199 35		About 18.7	$4,084,332 42		About 5½	$597,133 07	
1847	3,880,337 76	About 11¼		3,971,246 59		About 2.7	90,908 83	
1848	4,148,125 19	About 6.9		4,326,850 27	About 8.1		178,725 08	
1849	4,705,176 28	About 13.4		4,479,049 13	About 3.5			$226,127 15
1850	5,499,984 86	About 16.9		5,212,953 43	About 16.4			287,031 43
1851	6,410,604 33	About 16.6		6,278,401 68	About 20.4			132,202 65
2d period	28,131,427 77			28,352,833 52			866,766 98	645,361 23
Between 1st and 2d periods		About 6.8			About 1.6			

For nine years, from 1852 *to* 1860, *postage rates* 3 *cents, prepaid, under* 3,000 *miles,* 10 *cents over; the unpaid rate of* 5 *cents existing until July* 1, 1855, *and then abolished.*

Years.	Revenue.	Per cent. increase.	Per cent. decrease.	Expenditures.	Per cent. increase.	Per cent. decrease.	Deficiency.	Surplus.
1852	$5,184,526 84		About 19. 1	$7,108,459 04	About 13. 2		$1,923,932 20	
1853	5,240,724 70	About 1		7,982,756 59	About 12. 3		2,742,031 89	
1854	6,255,586 22	About 19. 3		8,577,424 12	About 7. 4		2,321,837 90	
1855	6,642,136 13	About 6. 2		9,968,342 29	About 16. 2		3,326,206 16	
1856	6,920,821 66	About 4. 2		10,405,286 36	About 4. 4		3,484,464 70	
1857	7,353,951 76	About 6. 2		11,508,057 93	About 1		4,154,106 17	
1858	7,486,792 86	About 1. 8		12,722,470 01	About 10. 6		5,235,677 15	
1859	7,96‹,484 07	About 6. 4		15,754,092 89	About 23. 8		7,785,608 82	
1860	8,518,067 40	About 6. 9		14,874,600 73		About 5. 6	6,356,533 33	
3d period	61,571,091 64			98,901,489 96			37,330,398 32	
Between 2d and 3d periods		About 118. 8			About 248. 8			

NOTE.—The percentage increase in revenue in 1860, as compared with the last year of the high rates, is 98¼. The percentage increase in expenditures, for the same period, is 244⅓.

It will be perceived that the per cent. increase of expenditures is much larger than that of revenue. These expenditures indicate the increased mail facilities of the country. During the first six years, with high rates prevailing, both revenue and expenditures, with the exception of one year, were nearly stationary and nearly equal. After the reduction of rate to five and ten cents the revenues fell off for three years, the expenditures continuing about the same; but the expenditures and mail facilities steadily increased from 1849, and the revenues came up with them so far that during the three years 1849, 1850, and 1851, the department was self-sustaining, the only period during the twenty-two years in which it proved so. On the 1st of July, 1851, the three cent prepaid rate went into operation. The revenues again fell off for three years following; but the expenditures went on largely increasing with the accompanying increase of postal facilities, and continued to expand in a greater ratio than the revenue during the remaining period. There was also a steady and large increase in the population and business of the country, for which due allowance should be made during each period.

So in England the cost of management has increased, during the period since the reduction of rates, from £756,999, in 1839, to £2,003,116, in 1861. The gross revenue in 1839 was £2,390,763, and the net revenue £1,633,764. The gross revenue in 1861, although over £1,000,000 greater than in 1839, yielded a net revenue less than in 1839 by over £100,000.

Thus also our deficiency under the last year of high rates (1845) was only $30,890 10, while in 1860, the last complete year before the interruption of our postal service, it amounted to $6,356,533 33, although the gross revenue was increased, at the same time, by $4,228,225 51. The increase of postal revenue from 1845 to 1860, exclusive of congressional grants, was 98½ per cent., while the increase of postal expenditures in the same period was 244⅕ per cent.

From these data it appears that there has been an enormous increase of postal facilities and postal expenses in both countries under the low rates, beyond those existing under the high rates, and their effect must have been to stimulate correspondence to a remarkable degree. An omnibus running two or three times a day along the streets of a city would not much stimulate passenger traffic; but cars, running every three or five minutes, and accommodating, at the same rate, four times the number of passengers, are crowded with travellers.

Postal axiom.

In my opinion it may be regarded as an axiom in postal

affairs that *certainty, frequency, and facility of postal communication influence the amount of correspondence more than do any variations in a moderate tariff.*

It required in England eleven years of the low rates, and largely expanded facilities, to restore the gross revenue to its original amount. The amount of net revenue of 1839 had not been again realized in that kingdom at the date of their last annual report, published in 1862, twenty-two years thereafter.

The lower rates in the United States, of five and ten cents, yielded in the last year in which they prevailed (1851) a gross revenue of $6,410,604. That amount was not again reached, under the three cent prepaid rate until 1855, although this low rate had the co-operation of far greater facilities and expenditures. On the 1st July that year the five cent unpaid rate was abolished, leaving the standard rate of three cents under three thousand miles and ten cents over that distance; but that change produced no sensible effect upon the revenue.

These facts, taken in connexion with the further fact that the rate is now so low as to be no appreciable burden upon correspondence, indicate that a further reduction of 33⅓ per cent. would not appreciably stimulate correspondence, and that the present amount of revenue would not be again reached, under the proposed still lower rate of two cents, until the natural increase of correspondence, arising from the increase of population, of business, and of postal facilities, shall have been sufficient to produce that sum.

In further exhibition of the data pertaining to this discussion, I annex a table (No. 27) showing the postal receipts and expenditures, with the population of the United States, and the rate per capita for eight decennial periods, from 1790 to 1860, and annually from 1850 to 1862.

Reduction of rates upon a deficiency.

There is another element in the British system which has been generally overlooked. Both under the high rates and the low rates of postage, that department was not only self-sustaining, but yielded a net revenue to the government. All its reductions have been made upon a net revenue. The proposed reduction in this country is asked upon a deficiency. I should be the first to ask a reduced rate upon a surplus revenue, as, in my opinion, the correspondence of the country should never be taxed for revenue purposes. But the proposition to reduce a low rate to a lower in the face of a large deficiency requires a conclusive showing that an increase of revenue would result in excess of the natural increase arising from ordinary causes. Instead of this showing, the advocates

of the measure admit that for several years the revenue would fall essentially below its present standard; and they fail to show a commensurate extraordinary increase of correspondence.

These considerations should have their due weight with the advocates of the adoption of the rate established by the English system.

Term "low and uniform" considered.

The terms "low and uniform postage" are not absolute, but relative. The United States government have already adopted a "low" postage. Considered with relation to the extent of its transportation, it is lower than prevails in any other country.

Relation between amount of transportation and rates of postage.

The annual transportation of mails in the United Kingdom, by railways, steamers, and other vehicles, is about 25,000,000 miles, excluding foot transportation. In this country it is about 53,000,000 miles. The number of miles of such transportation there per week day amounts to 80,281. Here the amount is 170,709 miles.—(See table No. 26.) Considering the relation between rates of postage and amount of transportation, it will be seen that our transportation of mails is over 100 per cent. greater than the British, while our general rate of postage is only 50 per cent. greater. In addition to this comparative statement. our postage on local (or drop) letters is 50 per cent. less than their rate.

Conclusion as to "low" postage.

To this question I have given the most careful consideration during the past year, and have cheerfully received and entertained the various propositions coming to me from all sources in the interest of reform. I acknowledge my indebtedness to the gentlemen contributing them for many important suggestions. But they have failed to convince me that it is a present duty, or sound policy, to reduce the rate of letter postage upon general correspondence from three cents to two cents, a reduction of one-third upon a low existing rate. Our present rate was adopted, and is still universally regarded, as a low postage. The revenues under it are steadily increasing in amount, and approximating the self-sustaining point, equivalent to expenditures. It is not regarded as onerous, in any degree, upon the correspondence of the country. The proposed reduction, therefore, not being made from an excess of revenues, would only compel the people to pay by a new property tax what they pay now, without a complaint, in proportion to the amount of their correspondence. It would only shift the deficiency, to pay with the left hand what they now pay with the right.

These facts appear to me to settle the debate, so far as it rests upon the point of so-called "low" postage. The United States low rate, as now established, is, in

principle and in fact, the lowest postage hitherto adopted by any government.

Our system is defective, however, in the other branch of proposed reform, that of uniformity. In this respect I do not hesitate to recommend a change. But this term, again, is not absolute, but relative. Neither the English nor any any other system is absolutely uniform. The practical question is one of the proper degree of approximation to uniformity. Uniformity needed.

From the best data accessible to me, the estimated loss of revenue from accrued postages on printed matter approximates two hundred thousand dollars annually. The loss principally arises from the failure of postmasters to collect quarterly in advance, as required by law, the small amounts due from subscribers and for the unpaid transit of transient printed matter. In view of the certain collections of postages, prepayment on printed matter is more important than upon letters. Newspaper postage.

If it seemed to Congress practicable to combine the proper postage tariff with the internal tax upon newspapers, so as to leave them to pass free through the mails, this plan might prove satisfactory to publishers and just to the revenue of the department. If publishers would find it consistent with their interest to require the annual postal charge to be added to the price of publication, and collected therewith, they prepaying the postage upon their circulation, this would also remedy the evil. But with or without such change in legislation, I recommend a great reduction in the variety of rates on printed matter for domestic circulation, abolishing all distinction of rates based on different distances of transportation, adopting decimal rates conforming to the coinage of this country, instead of the fractional rates now prevailing, and equalizing the charges now varied according to distance.

I propose to submit to Congress the draft of a bill for that purpose as soon as the details are settled.

In further approximation to uniformity, I recommend that the postage upon transient newspapers and other printed matter, whether destined inland or abroad, be made uniform, except where fixed by conventional stipulations with foreign countries, and extended to cover all transient printed matter up to the standard weight of —— ounces, except circulars, adding one rate for each additional —— ounces, or fraction thereof, embracing manuscript copy and corrected proofs passing between publishers and authors, prepayment being required in all cases; and that circulars not exceeding three in number, and not exceeding the standard weight, pass at the same rate, with the right in the Transient mail matter.

Postmaster General to provide by regulation a less rate for their delivery within the postal district where mailed, or through the mails, when deposited in large packages for that purpose.

Unpaid letters, &c.

To prevent injurious delays from the accidental omission of prepayment by stamps upon letters, the Postmaster General should be authorized to provide by regulation for forwarding unpaid letters, the rate in such cases being double the prepaid rate. The extra charge for forwarding a letter to its ultimate destination, following the party addressed, should be abolished.

In the draft of a bill which I propose to submit, as above mentioned, these recommendations will appear with precision in extent and in rates.

Uniform domestic letter rate.

I also recommend that all distinctions of rates of domestic letter postages based upon distances, as now to California and the Pacific coast, be abolished, so that the three cent single rate on mail letters shall be uniform within the United States, when prepaid.

Abolition of carrier's fee—two cents on drop letters.

I also reccommend the abolition of the one cent carrier's fee for the delivery and collection of letters in cities, and in lieu of that annoying and dilatory tariff on delivered and collected letters, that the charge upon local (or drop) letters be made uniform at the prepaid rate of two cents; and that all prepaid mail and local letters shall be delivered and collected without charge by the carriers, they being paid by salaries. This will prepay and transfer the carrier's charge from mail to local letters in effect, greatly accelerate deliveries, and promote the public convenience. It may not be expedient at once to abolish box deliveries, but there is no reason apparent to me why the general delivery should not be at once universally made by carriers in cities and towns where they are employed.

Franking privilege.

I renew the recommendation made last year, that the franking privilege of postmasters be abolished, except for correspondence between them and other officers of the department, upon official business.

It should be abolished, also, as to the correspondence of all persons addressed to the several departments and executive officers of government, except upon official correspondence, addressed by an officer of the government.

Both these privileges, as they now exist, have been much abused, and have no proper place in a correct postal system.

Post office accounts and salaries to postmasters.

The system of adjusting post office accounts and postmasters' pay, by commissions, varying upon different classes of mail matter, is no longer of utility commensurate with its labor and its cost. I am satisfied that the

blanks and the clerical service consumed by this system contribute largely to swell expenditures and contribute nothing at all to efficiency or to revenue.

Salaries to postmasters.

The data that system has furnished up to this time will afford the basis for ascertaining the proper salaries to be assigned to at least four-fifths of the offices of the country, and the rule for adjusting the remainder, whose revenues and business may be too variable for precise compensation. Here their utility terminates. Our system in this particular should be radically changed; and I hope the change may be authorized by law. It will produce economy, facility, and simplicity.

Way-bills.

I propose, also, a partial change in the mode of mailing letters, involving the disuse of way-bills in part, which, if successful, will largely reduce the consumption, and consequently the expense, of blanks, wrapping-paper, and twine.

Postal maps.

I have ordered the topographer of the department to prepare a set of postal maps, by States or groups of States, designed to show all the permanent postal routes, postal distances, and post offices thereon, in the United States, and embracing other statistical information. Their utility to the department and to the public will be great; and I ask authority from Congress to copyright them in the name of the Postmaster General, to put them on sale at a moderate price, to be regulated by him, and to pass the proceeds of sales to the credit of the post office revenue. As they will be published in series, and the proceeds of sale will go for reimbursement, no other appropriation will be needed than that allowed for miscellaneous payments.

Book of post offices and regulations.

I have postponed the publication of the list of post offices in the United States, heretofore made bienially, with a view to change the form and diminish the frequency of publication. It is now in the press. The laws and regulations will be separately published after the expiration of this Congress in a revised form. These works are frequently sought for by the public, and frequently lost by postmasters to whom they have been delivered. In one case there should be authority to sell; and in the other to charge the value against the postmaster in his accounts, and to charge him also in case of any second delivery of the book to him.

Incompetent postal officers.

It is my purpose to adhere firmly to my determination to displace incompetency and indifference wherever found in official position under my control, without any discrimination in favor of appointments which I may myself have made under misinformation of facts. The postal business must be conducted, if successful, upon the same principles which control the operations of the upright

and sagacious man of business. The department should adhere to those officers who have administrative talents and are faithful to its interests; and should remove those who take no interest in the efficiency of its service. The number of its appointed officers and employés is so great, and dispersed over so large a territory, that the Postmaster General must always depend upon the co-operation of the public, and particularly of the official advisers of the department, in order to secure this result.

I take pleasure in acknowledging the active co-operation I have received, in all efforts for improvement, from the present intelligent and efficient postmasters at Philadelphia, New York, and Boston, as well as the aid derived from the investigations and representations of Mr. Pliny Miles and the Hon. John Hutchins.

I have the honor to be, &c., &c., your obedient servant,

M. BLAIR,
Postmaster General.

The PRESIDENT.

71.2009.034.03366